

DON GAETZ
President of the Senate



WILL WEATHERFORD
Speaker of the House



Joint Legislative Auditing Committee

Senator Joseph Abruzzo, Chair
Representative Lake Ray, Vice Chair

Meeting Packet
Monday, February 18, 2013
2:00 P.M. to 5:00 P.M.
309 Capitol

AGENDA
JOINT LEGISLATIVE AUDITING COMMITTEE

DATE: Monday, February 18, 2013

TIME: 2:00 to 5:00 P.M.

PLACE: Room 309 Capitol

MEMBERS:

Senator Joseph Abruzzo, Chair
Representative Lake Ray, Vice Chair

Senator Rob Bradley
Senator Alan Hays
Senator Jeremy Ring
Senator Wilton Simpson

Representative Daphne D. Campbell
Representative Gayle B. Harrell
Representative Daniel D. Raulerson
Representative Ray Rodrigues
Representative Cynthia A. Stafford

Continued discussion and questions related to the audit of Okaloosa County's Oversight of the Tourist Development Council, Tourist Development Taxes, and BP funds

Presentation of the Auditor General's Operational Audit of Hardee County Economic Development Activities and response from County officials

Consideration of a request for an audit of the South Florida Workforce Board received from Senator Flores

Pursuant to s. 218.39(8), F.S., the Committee is expected to consider taking action against municipalities and special districts that have failed to take full corrective action in response to repeat audit findings

Completion of any unfinished business from the previous Committee meeting

This item is being deferred until the Committee's next meeting.

Hardee County
Audit of Economic Development

Audit of Hardee County Economic Development Activities – Materials Provided

1. Auditor General Presentation

2. Auditor General Audit

3. Documents provided by Hardee County:

- Attachment 1: Synopsis of Hardee County Economic Development Entities and Operational Audit
- Attachment 2: Continuum Labs, Inc. “preamble” resolution adopted subsequent to Operational Audit period
- Attachment 3: Compliance letters from Department of Financial Services, Auditor General and Special Districts
- Attachment 4: Support letters for Hardee County Economic Development
- Attachment 5: Hardee County Representatives

4. Documents Provided by Citizens:

- Statement signed by 137 citizens
- Letter from five former elected officials (John Roy Gough, Sam Rawls, Roland Skipper, John Terrell, Joseph S.)
- Letter from Russell Graylin Smith, City Commissioner, City of Wauchula
- Letter from Don McClellan
- Letter from Kathleen Roehm
- Letter from Nancy Craft
- Letter from Henry Kuhlman
- Letter from Robert Cole
- Letter from Frank Kirkland
- Letter and resume from Horst Witschonke



**Operational Audit of the
Economic Development Activities of
Hardee County Industrial
Development Authority,
Hardee County Economic
Development Authority, and
Hardee County Board of County
Commissioners
and Other Administrative Matters**

Entities Audited



Hardee County IDA. Special district created in 1984 by resolution of the Hardee County BCC pursuant to Chapter 159, FS.

- ❑ IDA Board is appointed by the BCC.
- ❑ The IDA is authorized pursuant to Section 159.45, Florida Statutes, as a public instrumentality for the purposes of industrial development, to finance and refinance projects for the public purposes described in the Florida Industrial Development Financing Act (Sections 159.25 through 159.431, Florida Statutes) and Sections 159.44 through 159.53, Florida Statutes, to foster economic development in Hardee County.



Entities Audited

Hardee County EDA. Special district created by the Legislature in 2004 to receive the County's portion of phosphate severance taxes allocated for counties designated as a rural area of critical economic concern.

- ❑ Governing body is designated in enabling law and includes appointment of four members by the BCC.
- ❑ Purpose of the EDA is to solicit, rank, and fund projects, including grants, that provide economic development opportunities or infrastructure within the County.

Hardee County BCC. Section 125.045, FS, authorizes the BCC to expend funds to attract and retain business enterprises to achieve economic development goals.

Audit Overview



Period audited: 10/01/10 through 06/30/12

AUDIT FINDINGS

Hardee County IDA

- ❑ Use of Economic Development Funds (4 findings)
- ❑ Financial Reporting & Administration (4 findings)
- ❑ Construction Administration (2 findings)

Hardee County EDA

- ❑ Grant Administration (1 finding)

Hardee County BCC

- ❑ Financial Reporting (1 finding)



Development Agreement

In 2008, the BCC entered into a development agreement with a corporation (developer) for the mining and reclamation of certain properties described as the South Fort Meade Mine.

- ❑ Developer agreed to provide annual matching economic mitigation/stimulation payments. Total minimum payments for the 10-year period will be \$42 million remitted to the IDA, of which \$5 million will be transferred to the BCC's General Fund.
- ❑ Agreement states the payments demonstrate the developer's compliance with the economic development element of the County's comprehensive plan.
- ❑ As of 7/31/12, the IDA had received \$10 million from the developer, of which \$1 million had been transferred to the BCC.



Development Agreement

Agreement recommended the funds be utilized by the IDA for:

- ❑ Administration (not to exceed \$100,000/year)
- ❑ Development projects on reclaimed land
- ❑ County or municipal infrastructure projects
- ❑ Other projects as determined by the IDA

Agreement did not list specific requirements for the donated funds but stated its objective was the creation of:

- ❑ Infrastructure such as roads, water/wastewater, landfills
- ❑ Tourism and visitor development
- ❑ Alternative water supply options
- ❑ Economic development projects such as an airport, commerce or industrial park, or research center



Hardee County Industrial Development Authority

Development Agreement



Of the \$9 million received by the IDA, \$4.1 million was spent as follows:

Purpose	Expenditures as of July 31, 2012
Grants:	
Technology Grant	\$ 2,433,366
Other Grant	26,409
Speculative Buildings:	
Technolgy Center	1,191,147
Commerce Park	289,473
Other Economic Stimulus:	
Tourism Development	67,119
Chamber of Commerce	8,708
Professional Fees	74,793
Total	<u>\$ 4,091,015</u>

Source: IDA records

Finding 1: Compliance with Chapter 159, FS



- ❑ “Project” is defined in Section 159.27(5), FS, and means any capital project comprising various types of facilities, including an industrial or manufacturing plant, research and development park, tourism facility, among many others.
- ❑ Section 159.29, FS, requires the IDA to observe certain criteria and requirements in undertaking any project, including:
 - ❑ A determination that the project shall make a significant contribution to the economic growth of the county in which it is located.
 - ❑ Agreement to finance a project must be with a party that is determined to be financially responsible and fully capable and willing to fulfill its obligations under the agreement.

Finding 1: Compliance with Chapter 159, FS



- ❑ In October 2011, the IDA entered into a grant agreement with a startup company for the stated purpose of funding the company's operation and infrastructure creation.
- ❑ Grant required company to “develop a web-based solution to be marketed to the public and supported by customer service personnel to be located in Hardee County” and to “consult and assist in the development of technological infrastructure for the purpose of creating a Technology Center to support operations and the development of software solutions.”

Finding 1: Compliance with Chapter 159, FS



Disbursements were made based on the grant budget:

Description	Amount
Salaries	\$ 216,201
Consultants	138,000
Contractual Services	84,000
Customer Services	36,400
Marketing	25,810
Sales	70,833
Rent	19,273
Intellectual Property Agreement	8,370
Miscellaneous and Data Hosting	9,600
Application Program Interface (API)	615,000
Development Contract	1,434,326
Total	\$ 2,657,813

Source: IDA Records

Finding 1: Compliance with Chapter 159, FS



- ❑ The purposes for which the IDA awarded this grant were not consistent with the definition of “project” as defined in law.
- ❑ Company did not exist at the time of grant application and grant application did not include any financial data to establish availability of company financial resources or require minimum contributions or assumption of financial risk by the officers or directors.

Finding 1: Compliance with Chapter 159, FS



- ❑ Company was not located in Hardee County and had not relocated to Hardee County as of September 2012. No time line was stated in the agreement for a company presence in Hardee County to ensure significant economic gains to the County.
- ❑ Company sold the Web-based application for shares in the purchaser's business without IDA's prior approval, contrary to the grant agreement. When company sold application, company's worth significantly diminished/IDA recourse weakened.

Finding 1: Compliance with Chapter 159, FS



- ❑ IDA disagreed with our interpretation of Chapter 159, FS, and suggested that the IDA may enter into any contracts that “foster economic development.”
 - We agree that the IDA may foster economic development but would be limited to financing and refinancing “projects,” as defined in law.
- ❑ IDA indicated Hardee County was identified as a “rural area of economic concern” and that this designation demonstrates legislative and executive branch recognition of extraordinary measures to enhance economic conditions in the County.
 - While this designation provides potential benefits and additional authority to the County, these provisions do not extend to special districts such as the IDA.

Finding 1: Compliance with Chapter 159, FS



- IDA indicated that it recognizes it is appropriate to apply financial evaluation criteria to a grant award recipient, the statutory requirements would not be applicable to grant awards designed to foster economic development.
 - IDA did not provide any information or documentation to support this assertion.

Finding 2: Grant Agreement Design



Agreement included few obligations and requirements that could be enforced against the company and few enforceable remedies for the IDA.

- ❑ Grant agreement stipulated that full performance of the project was “subject to adequate additional funding” but did not indicate the source, method, or timing of any additional funding. Anticipated additional funds were \$6.5 million per the grant application.
- ❑ Responsibilities of grantee company did not include sufficient descriptions of deliverables, including measurable outcomes within established time frames. Therefore, it would be difficult for the IDA to determine the company’s full compliance with grant requirements.

Finding 2: Grant Agreement Design



- ❑ Provision providing for sale of grantee company, requiring acquiring party to reimburse the IDA the greater of 1% of the purchase price, not to exceed 2x amount invested by the IDA, or 75% of the money invested by the IDA in the company. Sale price of \$265.8 million required for IDA to receive full reimbursement.
- ❑ No remedies available to the IDA if company sells its assets developed pursuant to the grant agreement, which is what happened as discussed in finding 1.

Finding 3: Grant Monitoring



The IDA did not demonstrate of record that it adequately monitored the technology grant by failing to establish required detailed reports to be submitted by the grantee or to provide written reports and recommendations to the IDA Board, contrary to the grant agreement.

- ❑ Disbursements to grantee not supported by detailed invoices or other documentation.
- ❑ Agreement provided for IDA-determined reports to be submitted by grantee. Per IDA records, no reports requested or provided.

Finding 3: Grant Monitoring



- ❑ Site visits and review of supporting documentation required to be performed by IDA with written report provided to IDA Board. IDA records did not document such visits or reviews; no reports to IDA Board.
- ❑ After numerous requests, IDA provided a grantee-prepared statement of cash expenditures, a draw schedule, income statement, and balance sheet.



Finding 4: Acquisition of Building for Technology Center

The IDA did not perform an analysis prior to entering into an agreement with a utility company for providing emergency electrical power. Further, the IDA did not take steps to ensure that the agreement was in the IDA's best interest.

- ❑ IDA purchased building from utility company to establish a Technology Center.
- ❑ IDA paid \$200,000 for power capacity from the utility company for power from an emergency generator without performing an analysis to determine whether acquisition of backup power source was most cost effective from the utility company vs. other sources.



Findings 5 - 8: Financial Administration

- ❑ IDA had not submitted required annual financial reports to Department of Financial Services or annual audit reports to us (finding 5).
- ❑ Several findings noted by the IDA's financial auditors had not been corrected (finding 6).
- ❑ IDA had not timely removed its former treasurer from the list of authorized signers on its bank accounts and two bank accounts required only one signature to initiate transactions (finding 7).
- ❑ The IDA did not have a written agreement with the Economic Development Council (EDC) regarding a staff arrangement whereby the EDC provided staff to the IDA to perform financial, accounting, and administrative functions (finding 8).



Finding 9: Construction of Speculative Building

IDA contracted for the construction of a building within the Hardee County Commerce Park.

- ❑ IDA did not comply with Section 287.055, FS, in selecting a construction management entity (CME) for the design-build project.
- ❑ CME awarded subcontracts; IDA records did not include detailed bidding information or evidence of review of bids by the IDA.
- ❑ When guaranteed maximum price was established, no substantial completion date or liquidated damages amounts were included. Thus, no penalty for untimely completion of the project.



Finding 9: Construction of Speculative Building

- ❑ Evidence of adequate payment and performance bond not timely obtained.
- ❑ Direct material purchases not made through the IDA to take advantage of sales tax exemption.
- ❑ Inadequate support for general conditions and subcontractor charges.



Finding 10: Construction of Broadband Network

EDA awarded IDA a \$2 million reimbursement grant to construct and maintain a broadband infrastructure network. Subsequently, IDA entered into a 3-year agreement with a private company to govern the construction, maintenance, and ownership of the network wherein the ownership of the assets would be transferred to the company.

- ❑ Company required to contribute matching \$2 million (cash or in-kind) proportioned over term of the agreement. IDA had not determined and monitored company's proportional investment.
- ❑ Performance requirements of the company were to be set forth in a schedule that was not prepared by the IDA.



Finding 10: Construction of Broadband Network

- ❑ Company required to maintain property and casualty insurance on the project. IDA did not determine that the required insurance was obtained.
- ❑ Site insurance was required to be obtained by the company or the IDA. However, IDA had no evidence that the insurance had been obtained.
- ❑ Annual certificates of compliance were not provided to IDA contrary to agreement.



Hardee County Economic Development Authority



Finding 11: Hangar and Broadband Projects

The EDA did not ensure that grant reimbursement requests for two grants were adequately supported in accordance with the grant agreements and only included expenditures related to the applicable project.

- ❑ Applications for payment from the CME were not signed by project's architect certifying that the progress and sum due reflects status of the project.
- ❑ Reimbursement requests did not include copies of canceled checks as proof of payment.
- ❑ Some reimbursements were made for costs unrelated to the project.



Hardee County Board of County Commissioners



Finding 12: BCC Financial Reporting

- ❑ Governmental Accounting Standards Board (GASB) establishes accounting and financial reporting standards for governmental entities.
- ❑ Reporting entity = primary government + legally separate organizations for which the primary government is financially accountable or that without inclusion would make the primary government's financial statements misleading (generally, component units).
- ❑ Based on GASB criteria for the 2010-11 fiscal year, the BCC was financially accountable for an entity if the entity was fiscally dependent on the BCC or the entity provided financial benefits or imposed financial burdens on the BCC.

Finding 12: BCC Financial Reporting



- ❑ BCC voluntarily entered into development agreement with the developer, allowing for a portion of the contribution to be retained by the IDA.
 - Under GASB criteria, this resulted in the imposition of a financial burden on the BCC by the IDA.
- ❑ IDA should have been reported as a discretely presented component unit of the BCC but was not.
- ❑ BCC indicated disagreement because the BCC does not control the funds retained by the IDA; however, the BCC could have had control of the funds, but instead agreed to provide control to the IDA.



Questions?

**ECONOMIC DEVELOPMENT ACTIVITIES
ADMINISTERED BY THE
HARDEE COUNTY INDUSTRIAL DEVELOPMENT
AUTHORITY,
HARDEE COUNTY ECONOMIC DEVELOPMENT
AUTHORITY, AND
HARDEE COUNTY BOARD OF COUNTY
COMMISSIONERS, AND
OTHER ADMINISTRATIVE MATTERS**

Operational Audit



BOARD MEMBERS

The Board members who served during the period October 2010 through June 2012 are listed below:

Hardee County Board of County Commissioners

District

No.

1. Minor L. Bryant, Chairman from 10-6-11;
Vice Chairman to 10-5-11
2. Clifton N. Timmerman, to 11-3-10
Andrea Sue Birge, from 11-4-10;
Vice Chairman from 10-6-11
3. Terry Atchley, to 9-27-11; Chairman to 9-27-11
(seat was vacant from 9-28-11 to 11-28-11)
Frederick (Rick) M. Knight, from 11-29-11
4. Robert R. Smith, Jr., to 11-3-10
Grady Johnson, from 11-4-10
5. Dale A. Johnson

Hardee County Industrial Development Authority

Rick Justice, Vice Chairman to 10-10-11;
Chairman from 10-11-11
Lory Durrance, Vice Chairman from 10-11-11
Marcus Shackelford, Chairman from 10-1-10 to 9-13-11;
seat vacant from 9-14-11 to 6-30-12
Joe Albritton
Vanessa Hernandez
Mike Manley, to 11-8-11;
seat vacant from 11-9-11 to 6-30-12
Michael Prescott, from 10-6-10
Paul Samuels, to 12-8-10;
seat vacant from 12-9-10 to 6-30-12
James V. See, Jr.

Hardee County Economic Development Authority

David Royal, Vice Chair to 2-20-12;
Chair, from 2-21-12

William R. Lambert, to 5-2-12; Chair to 2-20-12

Andrea Sue Birge, from 10-6-11;
Vice Chair from 2-21-12

Terry Atchley, from 11-16-10 to 10-5-11

William C. Beattie

Deren Bryan, from 12-16-10 to 2-9-12

Casey P. Dickson, from 2-10-12

Vanessa Hernandez, to 12-15-10

Roger Hood

Perry Knight

Bridget Merrill, to 9-30-11; seat vacant
From 10-1-11 to 6-30-12

Kenny Miller, from 1-1-12

Stanley L. Pelham, from 5-3-12

Paul Samuels, to 12-31-11

Robert R. Smith, Jr., to 11-15-10

Florida Farm Bureau

Commission Appointment At Large

Commission Appointment At Large

Chamber of Commerce

Commission Appointment – Seat 8

Chamber of Commerce

Chamber of Commerce

Chamber of Commerce

Heartland Workforce

Commission Appointment – Seat 9

Enterprise Florida

Florida Phosphate Council

Commission Appointment At Large

Florida Phosphate Council

Commission Appointment At Large

The audit team leader was Eric Davis, CPA, and the audit was supervised by James E. Raulerson, CPA. Please address inquiries regarding this report to Marilyn D. Rosetti, CPA, Audit Manager, by e-mail at marilynrosetti@aud.state.fl.us or by telephone at (850) 487-9031.

This report and other reports prepared by the Auditor General can be obtained on our Web site www.myflorida.com/audgen; by telephone (850) 487-9175; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

**ECONOMIC DEVELOPMENT ACTIVITIES ADMINISTERED BY THE
HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY, HARDEE
COUNTY ECONOMIC DEVELOPMENT AUTHORITY, AND HARDEE
COUNTY BOARD OF COUNTY COMMISSIONERS AND OTHER
ADMINISTRATIVE MATTERS**

SUMMARY

Our operational audit of the economic development activities administered by the Hardee County Industrial Development Authority, Hardee County Economic Development Authority, and the Hardee County Board of County Commissioners and other administrative matters disclosed the following:

HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY (IDA)

USE OF ECONOMIC DEVELOPMENT FUNDS

Finding No. 1: The purposes for which a technology grant of \$2,657,813 was awarded by the IDA do not appear to be consistent with the definition of a “project” as defined in the Florida Industrial Development Act, and the grantee had not been sufficiently determined to be financially responsible and fully capable of fulfilling its obligations under the grant. Also, the IDA did not include in the grant agreement a timeline for the grantee to relocate to Hardee County to ensure that the project provided economic gains to the County.

Finding No. 2: The grant agreement used by the IDA for the technology grant did not contain sufficient project descriptions of deliverables, including measurable outcomes to be accomplished within established time frames, which would demonstrate grantee performance and provide a basis for funding.

Finding No. 3: The IDA did not demonstrate of record that it adequately monitored the technology grant by failing to establish required detailed reports to be submitted by the grantee or to provide written reports and recommendations to the IDA Board, contrary to the grant agreement.

Finding No. 4: The IDA did not perform an analysis prior to entering into an agreement with a utility company for providing emergency electrical power. Further, the IDA did not take steps to ensure that the agreement was in the IDA’s best interest.

FINANCIAL REPORTING AND ADMINISTRATION

Finding No. 5: Prior to December 2011, the IDA had not filed required annual financial reports or provided for annual financial audits, contrary to law.

Finding No. 6: The IDA had not taken full corrective actions in response to financial reporting and internal control findings reported by its independent auditor as material weaknesses and other deficiencies.

Finding No. 7: The IDA had not timely removed its former treasurer from the list of authorized signers on its bank accounts and two bank accounts required only one signature to initiate transactions.

Finding No. 8: The IDA did not have a written agreement with the Economic Development Council (EDC) regarding a staff arrangement whereby the EDC provided staff to the IDA to perform financial, accounting, and administrative functions.

CONSTRUCTION ADMINISTRATION

Finding No. 9: The IDA did not comply with Section 287.055, Florida Statutes, in selecting a construction management entity to oversee the construction of a speculative building and we noted several issues of concern with the IDA’s administration of the project. Such concerns included inadequate review of subcontractor bid awards and charges, failure to establish completion dates and provisions for liquidating damages, the lack of timely evidence of a payment and performance bond, failure to take advantage of sales tax savings for direct material purchases, and inadequate support for general condition charges.

Finding No. 10: The IDA did not adequately monitor performance of a company under contract for the construction, maintenance, and ownership of a broadband infrastructure network. The IDA did not, for example, determine the company's compliance with a matching investment requirement, verify the company's compliance with insurance requirements, or obtain required annual compliance certificates from the company.

HARDEE COUNTY ECONOMIC DEVELOPMENT AUTHORITY (EDA)

GRANT ADMINISTRATION

Finding No. 11: The EDA did not ensure that grant reimbursement requests for two grants were adequately supported in accordance with the grant agreements and only included expenditures related to the applicable project.

HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS (BCC)

FINANCIAL REPORTING

Finding No. 12: The BCC's financial statements did not include the IDA as a component unit, contrary to governmental accounting and financial reporting standards.

BACKGROUND

Hardee County Industrial Development Authority (IDA) As authorized by Section 159.45(1), Florida Statutes, and the Hardee County Board of County Commission (BCC) Resolution Nos. 84-10, dated February 9, 1984, and 96-31, dated September 5, 1996, as amended, the BCC established the IDA, a special district, as a body corporate. The Florida Department of Economic Opportunity (DEO) classified the IDA as a dependent special district. The IDA's governing board consists of no less than nine, not to exceed thirteen, Hardee County residents appointed by the BCC. The IDA is authorized pursuant to Section 159.45, Florida Statutes, as a public instrumentality for the purposes of industrial development, to finance and refinance projects for the public purposes described in the Florida Industrial Development Financing Act (Sections 159.25 through 159.431, Florida Statutes) and Sections 159.44 through 159.53, Florida Statutes, to foster economic development in Hardee County.

The IDA was authorized to study the advantages, facilities, resources, products, attractions, and conditions relative to the encouragement of economic development in Hardee County, and to use such means and media as the IDA deems advisable to publicize and to make known such facts and material to such persons, firms, corporations, agencies, and institutions which, in the discretion of the IDA, would reasonably result in encouraging desirable economic development in Hardee County. In carrying out this purpose, the IDA was encouraged to cooperate and work with industrial development agencies, chambers of commerce, and other local, State, and Federal agencies having responsibilities in the field of industrial development.

The IDA did not employ staff to perform its financial, accounting, and administrative functions. These activities were performed by the Economic Development Council (EDC), which consisted of the Economic Development Director, Economic Development Coordinator, and Office Manager (hereinafter referred to using these titles or as "IDA staff").

Hardee County Economic Development Authority (EDA) In accordance with Section 211.3103, Florida Statutes, the Legislature enacted, and subsequently amended, Chapter 2004-394, Laws of Florida, creating the EDA, a special district, as a body corporate, to receive the BCC's portion of the phosphate severance taxes allocated for use in counties designated as rural area of critical economic concern pursuant to Section 288.0656, Florida Statutes. The DEO classified the EDA as an independent special district. The EDA's purpose is to solicit, rank, and fund projects that provide economic development opportunities or infrastructure within the geographic boundaries of Hardee

County, and to otherwise maximize the use of Federal, local, and private resources as provided by Section 211.3103(6), Florida Statutes, and for its administrative and other costs as further provided in law. The EDA is authorized to appropriate funds received from the phosphate severance tax for administrative costs, including payroll costs and other expenses, as provided by law, and for economic development and infrastructure projects in Hardee County. The EDA is also authorized to establish procedures for the solicitation and awarding of grants.

The law provides for the BCC to appoint office staff to assist the EDA in conducting its business, and for the Hardee County Clerk of the Circuit Court to receive all funds on behalf of the EDA, and deposit them in a restricted, interest-bearing account for the sole use of the EDA. Expenditure of funds is to be upon receipt of a voucher signed by the EDA chair and at least one other EDA member.

The EDA’s governing board consists of nine members, as follows: President of the Hardee County Farm Bureau or designee; the Director of the Agency for Workforce Innovation, or its successor agency,¹ or designee; Chairman of Enterprise Florida, or its successor agency, or designee; Chairman of the Florida Phosphate Council or designee; President of the Hardee County Chamber of Commerce or designee; and four members appointed by the BCC.

Board of County Commissioners Pursuant to Section 125.045, Florida Statutes, the BCC may expend public funds to attract and retain business enterprises. The use of public funds for such economic development goals constitutes a public purpose. Additionally, the BCC may spend public funds for economic development activities, including, but not limited to, developing or improving local infrastructure, issuing bonds to finance or refinance the cost of capital projects for industrial or manufacturing plants, leasing or conveying real property, and making grants to private enterprises for the expansion of businesses existing in the community or the attraction of new businesses to the community.

Each county is required to annually report to the State Office of Economic and Demographic Research economic development incentives in excess of \$25,000 given to any business. Economic development incentives include:

- Direct financial incentives of monetary assistance provided to a business from the county or through an organization authorized by the county.
- Indirect incentives in the form of grants and loans provided to businesses and community organizations that provide support to businesses or promote business investment or development.
- Fee-based or tax-based incentives.
- Below-market rate leases or deeds for real property.

FINDINGS AND RECOMMENDATIONS

HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY (IDA)

Use of Economic Development Funds

On August 14, 2008, the Hardee County Board of County Commissioners (BCC) entered into a development agreement with a corporation (developer) for the mining and reclamation of certain properties described as South Fort Meade Mine. The development agreement provided for the implementation of the economic development element of the BCC’s comprehensive plan, and included certain terms and conditions for providing funding of economic development projects in Hardee County.

¹ Effective October 1, 2011, the Agency for Workforce Innovation was merged with other State offices and functions to create the Department of Economic Opportunity.

Pursuant to Exhibit B of the development agreement (Exhibit B), the developer agreed to provide an annual matching economic mitigation/stimulation payment (matching payment) in an amount no less than the amount assessed on the severance of phosphate rock, and returned to the BCC or the EDA, at the 2008 tax rate and formula. Exhibit B contained certain restrictions on the calculation of the matching payment and required that it be paid to the IDA at various amounts over a 10-year period. Total minimum payments for the 10-year period if all conditions were met, would be \$42 million remitted to the IDA, of which \$5 million would be transferred to the BCC's General Fund.

Exhibit B recommended the following priorities for the IDA's use of the funds:

- Administration, accounting, and auditing of funds not to exceed \$100,000;
- Development projects on reclaimed land in conjunction with the developer's proposed development initiatives not to conflict with the objectives set forth in the agreement;
- County or municipal infrastructure projects with economic development objectives not to conflict with the objectives set forth in the agreement; and
- Other projects as determined by the IDA, including transfers to the EDA.

Exhibit B did not list specific goals and accomplishments, but did provide that the moneys received pursuant to the agreement were to be used based upon the overriding philosophy that embodied the following:

- Infrastructure such as roads, water and wastewater, landfill, telecommunications, and other items traditionally provided by public utilities or government agencies necessary for economic development;
- Tourism and visitor development, focusing on the Peace River and its tributaries and on other such opportunities on un-mined and reclaimed lands such as existing and future Hardee County parks, as well as advertising and promotion of Hardee County and its tourism and economic development efforts;
- Alternative water supply options such as reservoirs, aquifer storage and recovery technology, seasonal enhancement of minimum flows or other technology; and
- Investigation and creation of an economic development catalyst project such as an airport, commerce or industrial park, alternative energy research center or health care complex, etc. Schools, jails, public buildings, and libraries are not considered to be intended uses of these funds.

As of July 31, 2012, the IDA had received \$10 million from the developer pursuant to the development agreement, of which \$1 million had been paid to the BCC under the terms of the agreement. Of the \$9 million retained by the IDA, \$4,091,015 was disbursed for grants, the purchase of a building for a Technology Center, partial construction of speculative buildings (i.e., facilities to house prospective tenants at the Hardee County Commerce Park), other forms of economic stimulus, and professional fees, as shown in Table 1.

Table 1

Purpose	Expenditures as of July 31, 2012
Grants:	
Technology Grant	\$ 2,433,366
Other Grant	26,409
Speculative Buildings:	
Technology Center	1,191,147
Commerce Park	289,473
Other Economic Stimulus:	
Tourism Development	67,119
Chamber of Commerce	8,708
Professional Fees	74,793
Total	\$ 4,091,015

Source: IDA records

We tested expenditures in Table 1 and noted deficiencies in the IDA’s administration of funds related to the Technology Grant (see finding Nos. 1 through 3) and the acquisition of a building to house the Technology Center (see finding No. 4).

Finding No. 1: Compliance with Chapter 159, Florida Statutes

Part II of Chapter 159, Florida Statutes, the Florida Industrial Development Financing Act (Act), provides local agencies with necessary or convenient powers to carry out any of the purposes enumerated in the Act. Part III of Chapter 159, Florida Statutes, provides for the creation, purpose, and powers of Industrial Development Authorities (IDAs). Section 159.46, indicates that IDAs are created for the purpose of financing and refinancing projects for the public purposes described in the Act and Part III of Chapter 159, Florida Statutes, and for the purpose of fostering the economic development of a county.

Section 159.29, Florida Statutes, requires the IDA, in undertaking any project, to observe certain criteria and requirements, including a determination that the project is appropriate to the needs and circumstances of, and shall make a significant contribution to the economic growth of, the county in which it is located. Further, the project shall provide or preserve gainful employment; protect the environment; or serve a public purpose by advancing the economic prosperity, public health, or the general welfare of the State and its people. The term “project” is defined in Sections 159.27(5) and 159.44(2), Florida Statutes, and means any capital project comprising various types of facilities, including an industrial or manufacturing plant, research and development park, a tourism facility, trade show facility, trade center, among many others.

Section 159.29(2), Florida Statutes, provides that no financing agreement for a project shall be entered into with a party that is not financially responsible and fully capable and willing to fulfill its obligations under the financing agreement, including the obligations to make payments in the amounts and at the times required; to operate, repair, and maintain at its own expense the project leased; and to serve the purposes of this part and such other responsibilities as may be imposed under the financing agreement. In determining the financial responsibility of such party, consideration is to be given to the party’s ratio of current assets to current liabilities; net worth; earning trends; coverage of all fixed charges; the nature of the industry or activity involved; the party’s inherent stability; any guarantee of the party’s obligations by some other financially responsible corporation, firm, or person; and other

factors determinative of the capability of the party, financially and otherwise, to fulfill its obligations consistently with the purposes of this part of law.

On October 11, 2011, the IDA entered into a grant agreement (hereinafter referred to as the technology grant) with a startup company for the stated purpose of funding its operation and infrastructure creation. The grant required the company to “develop a web-based solution to be marketed to the public and supported by customer service personnel to be located in Hardee County” and to “consult and assist in the development of technological infrastructure for the purpose of creating a Technology Center to support operations and the development of software solutions.” The company was also to recruit additional technology companies to co-locate in the Technology Center.

In connection with the technology grant, the IDA disbursed monthly draws of varying amounts to the company based on the grant budget, totaling \$2,657,813, as detailed in Table 2.

Table 2

Description	Amount
Salaries	\$ 216,201
Consultants	138,000
Contractual Services	84,000
Customer Services	36,400
Marketing	25,810
Sales	70,833
Rent	19,273
Intellectual Property Agreement	8,370
Miscellaneous and Data Hosting	9,600
Application Program Interface (API)	615,000
Development Contract	1,434,326
Total	\$ 2,657,813

Source: IDA Records

Our review of the IDA’s award of the technology grant disclosed the following:

- The purposes for which the technology grant was awarded, as described above, do not appear consistent with Section 159.27(5), Florida Statutes, which defines “project” as a capital project comprising various types of facilities.
- The company awarded the grant did not exist at the time of the grant application. The company was incorporated on September 19, 2011, 18 days after the grant application, and 22 days before the grant agreement. Accordingly, the IDA had no company history to determine its viability as a going concern or financial stability and responsibility at the time the IDA received the application or made the award. The grant application did not include any financial data to establish availability of company financial resources to contribute to the project or require minimum contributions or assumption of financial risk by the officers or directors of the company, contrary to Section 159.29(2), Florida Statutes. Three officers of the company executed a note agreeing to be personally liable in the event the company failed to act in good faith to fulfill the stated goals of the grant or used the grant funds in a manner patently inconsistent with the grant objectives. However, as discussed in finding No. 2, the failure of the grant agreement to contain specific and quantifiable deliverables made this guarantee of limited value.
- Although the grant agreement stated that the company would develop a Web-based solution to be marketed to the public and supported by “customer service personnel to be located in Hardee County,” the company was located in Tampa and did not relocate to Hardee County. Further, the agreement provided no timeline for it to relocate in Hardee County. Additionally, as further discussed in finding No. 2, the grant agreement also did

not contain any measurable deliverables to ensure that the project provided significant economic gains to the County, contrary to Section 159.46, Florida Statutes. Although the IDA indicated that the grantee company intended to relocate in the Technology Center at the time the grant was awarded, the IDA did not own the property intended to house the Technology Center.

On September 10, 2012, the grantee company sold all its interest in the Web-based application to another business for 1,250,000 shares of Series B, common stock, in the purchaser's business. One of the officers of the grantee company at the time the grant agreement was executed between the IDA and the company was the Chairman, President, Vice President, and Treasurer of the business that purchased the Web-based application. The business that purchased the application was incorporated on September 14, 2011, and is also not located in Hardee County. The agreement between the grantee company and the purchaser's business contained a provision for the purchaser's business to assume the grant agreement. Contrary to the provisions of the grant agreement, the company did not obtain prior written approval from the IDA to sell this asset or assign the grant agreement to the purchaser. This Web-based application essentially represents the deliverable created from the \$2.7 million (see Table 2 above) invested by the IDA with the company. Without this asset, the worth of the grantee company is significantly diminished and the IDA's recourse against the company for failure to comply with the term of the grant is further weakened (see further discussion in finding No. 2).

The Economic Development Director stated that numerous meetings and conferences were held with company officials prior to its incorporation and, based on the economic conditions at the time of the grant, the IDA felt it would be difficult to attract a "blue chip" or risk-free firm to the County. The Economic Development Director also stated that the company was staffed with extremely experienced personnel and was supported by another established company in developing the application; however, IDA records did not evidence that it had obtained data to support the experience of the personnel or the fiscal viability of the other company. Without evidence of the potential for additional funding sources or financial resources from the company or its officers and directors, the IDA was assuming all liability for the success of the project. Further, the grant agreement did not provide any method for the IDA to recoup its investment in the company nor financially participate in the success of the company if its business venture was successful.

Recommendation: The IDA should only finance projects authorized by Parts II and III of Chapter 159, Florida Statutes. Additionally, prior to entering into future funding agreements for projects, the IDA should: (1) require documentation from the business to demonstrate that it is financially responsible and fully capable and willing to fulfill its obligations under the financing agreement as required by Section 159.29, Florida Statutes; (2) only consider such an agreement if it will potentially further the economic growth of Hardee County as required by Section 159.46, Florida Statutes; and (3) consider the deficiencies discussed in finding Nos. 2 and 3 in drafting such an agreement.

Follow-up to Management's Response

In his response, the IDA Chairman indicated that management disagrees with our interpretation of the requirements within Chapter 159, Florida Statutes, and suggests that the IDA is empowered to enter into any contracts that "foster economic development." We agree that the IDA is authorized to foster economic development; however, in doing so, the IDA is limited to financing or refinancing a project as defined in Section 159.44(2), Florida Statutes. The purposes for which this grant was awarded do not appear to be consistent with the statutory definition of "project," and the IDA Chairman did not provide any information or documentation to show that the IDA is exempt from this requirement.

The IDA Chairman also indicated that Hardee County has been identified as a “rural area of economic concern” and that this designation demonstrates the legislative and executive branch recognition of the need for extraordinary measures designed to enhance the economic conditions of the County. While it is true that the County has been so designated, and the designation provides potential benefits and additional authority to the County, these provisions do not extend to special districts such as the IDA.

The IDA Chairman further indicated that while IDA management recognizes it is appropriate to apply financial evaluation criteria to a grant award recipient, the statutory requirements would not be applicable to grant awards designed to foster economic development. However, he did not provide any information or documentation to support this assertion.

Finding No. 2: Grant Agreement Design

The technology grant agreement stated that “In consideration of this agreement and subject to adequate additional funding,” the company would work with the County and IDA to: (1) develop a Web-based solution to be marketed to the public and supported in the County; (2) consult and assist in development of technology infrastructure to create a Technology Center; (3) make available investment opportunities within the County; (4) recruit additional technology companies to locate in the County; and (5) assist in the feasibility and planning of a data center located in the proximity of the Technology Center (within the County). The term of the grant agreement commenced upon full execution of the agreement and was to continue through full performance of both parties; however, the phrase “full performance” was not defined in the grant agreement. The grant agreement also stipulated that full performance of the project was subject to adequate additional funding, but did not indicate the source, method, or timing of any additional funding. The grant application stated that the company anticipated the need for an additional \$6.5 million to complete the project.

The responsibilities of the company pursuant to the grant agreement did not contain sufficient project descriptions of deliverables, including measurable outcomes to be accomplished within established timeframes. Additionally, although the grant agreement required the IDA to provide a format for reports to be completed by the company for the IDA, no such reports were developed by the IDA or required of the company (see further discussion in finding No. 3). Since the project descriptions and performance criteria contained in the grant agreement were not sufficiently described or defined, it would be difficult for the IDA to clearly determine the company’s full compliance with the grant requirements.

The grant agreement provided that in the event that the company was sold, the terms of sale shall require that the acquiring party:

- Reimburse the IDA the greater of one percent of the stated gross purchase price, not to exceed two times the amount invested by the IDA in the company, or 75 percent of the amount of money invested by the IDA in the company, or
- Agree to continue the company’s level of operations within the County as of the date of sale, for not less than three years from the date of the IDA's last investment.

Under the grant agreement, the company was scheduled to receive \$2,657,813 in grant funds, which would mean that a \$265.8 million sales price would be needed for the IDA to receive a full reimbursement of its contribution to the company if the company was sold and the acquiring party did not agree to continue the company’s level of operations within the County for at least three years. Otherwise, the IDA would receive only \$1,993,360, or 75 percent of its contribution to the company. If the company received additional grant funds, which was contemplated in the grant agreement, these amounts would considerably increase. Pursuant to the grant agreement, should the company be

sold, the acquiring party could leave the County after three years with no penalty, which significantly increased the risk that the IDA's funding of the company would not result in achieving the grant's goals of creating economic development and job creation in the County should the company be sold prior to project completion. Further, the grant agreement is silent as to the remedies available to the IDA if the company sells the assets developed in accord with the grant agreement, such as discussed in finding No. 1. The failure to address this contingency may result in the inability of the IDA to achieve any of the grant objectives or recoup any of the funds advanced to the company.

The Economic Development Director indicated that each of the listed responsibilities of the company in the grant agreement was designed to support the IDA's overall economic development process and strategy for the County. He also indicated that full performance of these responsibilities was expected to take more than one year, and substantial progress had been made toward each of these conditions; however, IDA records did not document any progress towards completion of such responsibilities. He further indicated that the company's performance could be measured in terms of progress towards completion of the Web-based application, with support staff occupying an adequate facility with other tenants, which result in an identifiable Technology Center in the County. However, as of September 2012, IDA records did not evidence completion of the application or assistance provided to the IDA by the company regarding development of technology infrastructure, and, since the building purchased to house the Technology Center had not been renovated, neither the company nor similar tenants had located to Hardee County.

Exhibit B to the grant agreement was a note stating that if the IDA performed in accordance with the agreement, three company officers would be individually liable for the repayment of moneys provided by the IDA if the company failed to substantially comply with the scope and purpose of the grant, failed to act in good faith to fulfill the stated goals of the grant, or used funds in a manner patently inconsistent with the objectives of the grant. However, given the deficiencies discussed in the preceding paragraphs regarding the grant's lack of measurable deliverables and established timeframes, it may be difficult for the IDA to demonstrate the company's failure to comply with the grant. The grant was drafted with so few obligations and requirements that could be enforced against the company, and provided so few enforceable remedies for the IDA, it is not apparent that this arrangement was primarily for a public and governmental purpose as prescribed by Sections 159.26(4) and 159.46, Florida Statutes.

Recommendation: For future grants, the IDA should design agreements to provide measurable deliverables with established timeframes to ensure that it may determine grantee performance under the agreement. Additionally, grant agreements should provide a reporting mechanism so that funding under the grant is dependent upon the grantee providing deliverables within the established timeframes.

Finding No. 3: Grant Monitoring

The IDA disbursed approximately \$2.4 million (see Table 1 preceding finding No. 1) based on a budget of approximately \$2.7 million (see Table 2 in finding No. 1) to the company during the period October 2011 to July 2012. The disbursements were not supported by detailed invoices or other documentation, except for a budget worksheet. The grant agreement required that the company provide detailed reports to the IDA regarding the Web-based application and that the IDA make site visits and review supporting documentation of reported outcomes and expenses of the company including receipts, canceled checks, basis for disbursements, and invoices. Following a site visit or review, a written report was to be provided to the IDA Board, with comments and recommendations regarding the manner in which services were being provided. However, IDA records did not include written reports of site visits, evidence of review of documentation of reported outcomes and expenses, or written reports prepared by the company or the Economic Development Director.

The Economic Development Director indicated that the company and he presented oral reports and power point presentations to the IDA Board at public meetings, but the company did not provide written reports because of the sensitive nature of the Web-based application, and the grant agreement did not require these reports to be written. The Economic Development Director also stated that he performed detailed reviews of supporting documentation and orally reported to the IDA Board at public meetings; however, he did not provide written reports to the IDA Board because of the sensitive nature of the Web-based application. Our review of the minutes of IDA meetings indicated that while the Economic Development Director and company staff provided periodic presentations to the IDA Board as to the Web-based application progression, the IDA did not record such presentations and reports in its records for public inspection.

We acknowledge the concerns over the protection of intellectual property or proprietary information of the project; however, copies of invoices, contracts, and written reports demonstrating that grant moneys were used in accordance with grant terms and budget, and that the project was progressing towards successful completion, are essential for the IDA to satisfy its fiduciary responsibility in administering the terms of the grant agreement. Financial data and written reports can be carefully designed within established parameters to provide sufficient evidence that the project was progressing towards satisfactory completion and that the general funding conditions were being met without disclosing sensitive intellectual property or proprietary information.

After numerous requests, on October 8, 2012, the Economic Development Director provided us with a company-prepared statement of cash expenditures, a draw schedule, an income statement, and a balance sheet purporting to provide an accounting of the grant funds drawn and disbursed by the company from October 18, 2011, to October 5, 2012. These documents, prepared nearly one year after the grant was entered into, generally agreed with the budget draw schedule attached to the grant, but contained no further support, such as evidence of the Economic Development Director's review and approval of the underlying supporting documentation of the reported expenditures, or any reports prepared by the Economic Development Director containing comments and recommendations to the IDA Board.

Recommendation: The IDA should develop procedures and methodologies that will sufficiently demonstrate in its public records that it met its stewardship responsibilities regarding monitoring of grants. Such procedures, at a minimum, should include obtaining supporting invoices, preparing required reports of the project's progression, and presenting the results of reviews of the company's financial activity to the IDA Board.

Finding No. 4: Acquisition of Building for Technology Center

On May 11, 2012, the IDA purchased a building from a utility company, using moneys received pursuant to the development agreement, to establish a Technology Center. The building was purchased at the appraised value of \$996,000. On the date of purchase, the IDA entered into an agreement with the utility company for the provision of a dedicated backup power source for the building. The agreement provided that the utility company would be paid \$200,000 to dedicate 100 kilowatts of electrical power capacity from an emergency generator owned by the utility company and located adjacent to the building purchased.

The agreement stated that the capacity would be available only at such time as the generator was actually generating for the purpose of supplying emergency electrical power to the utility company and other locally designated loads, and that the term of the agreement was for the remaining useful life of the generator. Also, future use of the generator depended upon the mechanical condition of the generator. The agreement further stated that the utility company,

subject to these conditions, would use its best effort to furnish the emergency electrical power as set forth in the agreement; however, if the company was unable to provide the emergency electrical power, it would not be liable for any damages caused thereby.

The IDA did not perform an analysis to determine whether the acquisition of a backup power source through the utility company was a more efficient and cost-effective option than other available means for providing a reliable source of backup power. IDA staff indicated that they did not believe that another reliable, affordable source of backup power was readily available.

While we agree that to effectively operate a Technology Center there must be an effective and reliable alternative power source, in the absence of a detailed analysis of the various alternatives, IDA records did not demonstrate that the agreement was cost effective or in the IDA’s best interest. Furthermore, the agreement requires the company to “use its best efforts” to furnish emergency power and, in the event that the company’s best efforts fail to yield the required emergency power, no damages would result under the contract. Additionally, the term of the agreement was for the remaining useful life of the generator, which was not defined in the agreement, and did not have a termination or cancellation provision. Further, the contract failed to provide any assurance that damages incurred as a result of power outage would be indemnified by the company. In the absence of a meaningful indemnification clause, the IDA may be responsible for paying damages incurred by tenants of the Technology Center caused by a power failure.

Recommendation: To ensure that the most efficient and cost-effective option is achieved, the IDA should implement procedures to ensure that an analysis of all alternatives is performed prior to entering into similar agreements. Additionally, the IDA should ensure that its interests are protected within the agreement with clearly defined terms and remedies.

Financial Reporting and Administration

Finding No. 5: IDA Financial Reporting

The IDA was created in 1984 and meets the definition of a special district pursuant to Section 189.403, Florida Statutes. Section 218.32, Florida Statutes, requires special districts to file annual financial reports with the Florida Department of Financial Services (DFS), and Section 218.39(1), Florida Statutes, requires special districts meeting the audit threshold² to provide for a financial audit and to file the audit report with us. Prior to the 2010-11 fiscal year, both reports were required to be filed within 12 months of the fiscal year end. Effective for the 2010-11 fiscal year, the filing requirements changed to within 9 months of the fiscal year end.

The IDA had not prepared or filed annual financial reports with DFS for any fiscal year since its existence. Also, since at least the 2008-09 fiscal year, the IDA met the audit threshold provided in Section 218.39, Florida Statutes, but had not filed any financial audit reports with us. Timely audits are necessary to ensure that the financial transactions are properly reported and management is promptly informed of control deficiencies and financial-related noncompliance.

In a letter dated November 9, 2011, the Legislative Auditing Committee inquired with the IDA as to why the above mentioned reports were not filed. The IDA’s General Counsel stated that the IDA was not aware of the statutory

² Pursuant to Section 218.39(1), Florida Statutes, a special district must provide for a financial audit if, for a given fiscal year, revenues or the total of expenditures and expenses exceed \$100,000, or revenues or the total of expenditures and expenses are between \$50,000 and \$100,000 and the special district has not been subject to a financial audit for the two preceding fiscal years.

filing requirements. In December 2011, the IDA filed annual financial reports and financial audit reports for the 2008-09 and 2009-10 fiscal years, 15 and 3 months, respectively, after the 12-month statutory due date. The IDA's annual financial report and financial audit report for the 2010-11 fiscal year were completed and timely filed by June 30, 2012.

Inclusion of the IDA as a component unit of the County's financial statements, as discussed in finding No. 12 would no longer necessitate the IDA's filing of annual financial reports or separate financial audit reports; however, the IDA would be required to provide the County financial information necessary for the County to prepare its annual financial report and to comply with its financial audit requirements.

Recommendation: The IDA should ensure that it timely complies with applicable financial reporting and audit requirements.

Finding No. 6: Independent Auditor's Findings

Management letters prepared by the IDA's independent auditor for the 2008-09, 2009-10, and 2010-11 fiscal years, included several internal control deficiencies that were considered material weaknesses. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. As part of our audit, we determined what actions the IDA took to correct the material weaknesses reported by the independent auditor. The results of our follow up of these material weaknesses and other internal control deficiencies are summarized below:

Material Weaknesses

Preparation of Financial Statements. The IDA was responsible for establishing and maintaining internal controls and for the fair presentation of its financial statements in accordance with generally accepted accounting principles. The IDA's audit reports indicated that, due to limited expertise and resources, fund balance, capital assets, inventory, and expenditure balances were materially misstated resulting in material audit adjustments to present the financial statements in accordance with generally accepted accounting principles.

In its response to the independent auditor's finding, the IDA indicated that it was in the process of contracting with an accounting firm to perform financial statement preparation services. However, as of September 24, 2012, the IDA was preparing a Request for Proposals (RFP) for accounting services, but no RFP had been issued.

Inadequate Separation of Duties. The IDA was required to have a system of internal control over accounting and financial reporting that would allow management, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. Such controls should be designed to separate duties to the extent practicable with existing personnel. Individuals with responsibility for recording transactions should not also have access to assets.

The IDA's audit reports indicated that there was an inadequate separation of duties in that the same individual opened the mail; initiated, prepared, and disbursed checks; and prepared the bank deposits and bank account reconciliations. There was also a lack of audit trail as monthly bank reconciliations were not printed. In its response to the independent auditor's finding, the IDA indicated that office and accounting procedure changes to separate duties, as well as develop a formal policy, had been adopted subsequent to September 30, 2011. However, as of September 24, 2012, the Office Manager was still responsible for initiating, preparing, and disbursing checks, and also preparing bank deposits and bank account reconciliations.

At its February 14, 2012, meeting, the IDA Board approved internal control policies to be implemented, in part, to correct these deficiencies. Our review of key control procedures included within that policy, and compliance therewith, disclosed the following:

- The IDA's internal control policies required that a daily log of cash receipts be maintained. Records of cash received were to be totaled, initialed, and dated by authorized employees. Cash collection records were to be compared and reconciled to bank deposit receipts on a monthly basis. As of August 23, 2012, the IDA was not maintaining a log of receipts, whether cash or check.
- The IDA's internal control policies required that only prenumbered checks be used, and always in sequential order. While the IDA utilized prenumbered checks for its general bank account, the IDA continued to exclusively use cashiers' checks for the development account, and did not keep any blank check stock for this account. In response to our inquiry regarding why the IDA only used cashiers' checks for this account, IDA staff indicated that it is less expensive to use cashiers' checks than ordering prenumbered checks.
- The IDA's internal control policies required that access to blank checks be limited to persons authorized to prepare checks. Blank check stock was to be locked in a secure place when not in use. Based on our observation on July 25, 2012, we noted that the IDA maintained blank check stock in an unlocked desk drawer within an office that was not routinely locked.
- The IDA's internal control policies provide that the Economic Development Director prepare deposits; however, the Office Manager was performing this duty as of September 24, 2012.
- The IDA's internal control policies required that an external accountant perform certain duties, including the posting of adjusting journal entries, review of bank account reconciliations, and comparison of receipts logs to bank account statements and reconciliations. However, because the IDA had not contracted with an outside accountant, these duties were not being performed as of September 24, 2012.

While the IDA had limited staff, without implementation of adequate compensating controls there was an increased risk that IDA funds could be diverted or stolen without timely detection.

Formal Documented Policies. The IDA's audit reports indicated that the IDA had not formally documented its accounting policies or procedures. In its response, the IDA indicated that formal documented policies were adopted subsequent to September 30, 2011. Our review disclosed that while the IDA adopted the internal control policies discussed above, the policies did not adequately address all issues presented in the audit finding. The IDA had not adopted policies and procedures for its year-end closing process, fraud risk assessment and monitoring, investment of available moneys, review and approval of transfers between bank accounts, and asset capitalization. Formal documented policies that clearly define responsibilities of staff are essential to provide the IDA Board and staff with guidelines regarding the efficient and consistent conduct of IDA business and the effective safeguarding of IDA assets.

Compliance with Florida Statutes and the State Constitution. The IDA's audit reports indicated that the IDA had not complied with the following provisions in law:

- Adopting a budget in accordance with Section 189.418(3), Florida Statutes.
- Filing qualified public depository forms as required by Section 280.17, Florida Statutes.
- Filing oaths of affirmation as required by Article II, Section 5(b) of the State Constitution.

In its response to the independent auditor's finding, the IDA indicated that the qualified public depository forms and the oaths of affirmation were both properly filed subsequent to September 30, 2011. While the IDA had been in existence since 1984, it had never prepared or adopted an annual budget for any fiscal year, contrary to law. In a letter dated November 9, 2011, the Legislative Auditing Committee inquired as to why budgets were not prepared. The IDA's General Counsel responded that the IDA never adopted a "formal" budget and its revenues were inconsistent,

unpredictable, and entirely dependent upon grant awards, if any, and sale of land in a commerce park. Subsequently, the IDA adopted, by resolution, a budget for the 2011-12 fiscal year at its February 14, 2012, Board meeting.

Lack of Supporting Documentation. The IDA's audit reports disclosed areas for which supporting documentation could not be located, causing a deficiency in the audit trail. Specifically, the following documentation was not available:

- Documentation evidencing that monthly bank account reconciliations were performed on all IDA bank accounts.
- A listing of attendees for several IDA board meetings.
- Documentation supporting payments for contracted services provided to the IDA.

In its response to the independent auditor's finding, the IDA indicated that accounting and policy procedures had been instituted to remedy this situation. Our current review confirmed that there existed documentation evidencing that monthly bank account reconciliations were now being performed on all bank accounts, board meeting minutes were now including a listing of all attendees, and, except for the payments on the technology grant discussed in finding No. 3, documentation was being maintained to support payments for contracted services.

Other Internal Control Deficiencies

Improperly Recorded Transfers. The IDA's audit reports indicated that the IDA maintained several bank accounts as a tracking mechanism instead of utilizing a pooled bank system, contrary to common practices of governmental entities. The audit reports further noted that funds were transferred from bank accounts and later replenished when funds were available. This was necessary to temporarily finance projects funded through grants from the EDA on a reimbursement basis; however, these transactions were not properly recorded as transfers, resulting in an overstatement of revenues and expenses.

In its response to the independent auditor's finding, the IDA indicated that it had corrected accounting procedures, implementing appropriate changes. Our review confirmed that, as of July 2012, the IDA consolidated its bank accounts to two accounts; however, as discussed above under *Formal Documented Policies*, the IDA had not implemented formal procedures for review and approval of bank transfers, should they occur between these two accounts.

Property Owners' Association. The IDA's audit reports noted that a separate general ledger account for the Hardee County Commerce Park Property Owners' Association, Inc., was created to establish a property owners' association for tenants in the commerce park. The audit reports further indicated that since the property owners' association did not exist as a separate legal entity, the bank account balance and related transactions must be included in the IDA's audited financial statements, and since the IDA had not filed appropriate reports with the Internal Revenue Service (IRS) to properly establish an association, the account was considered an IDA bank account.

In its response to the independent auditor's finding, the IDA indicated that the IDA agreed that appropriate reports to create a property owners' association would be filed with IRS when deemed necessary. Our current review disclosed that the IDA closed the bank account in March 2012, and the IDA was no longer accounting for such transactions separately.

Recommendation: The IDA should continue in its efforts to address material weaknesses and other internal control deficiencies reported by the independent auditor.

Finding No. 7: IDA Bank Accounts

During the 2011-12 fiscal year, the IDA maintained eight bank accounts in two banks. Balances in these accounts totaled \$7,602,652 at June 30, 2012. The IDA maintained a list of authorized signers for each account and established the individuals authorized to sign checks and initiate transactions. Our review of the authorized signers for each account during the 2011-12 fiscal year disclosed that the IDA’s former treasurer continued to be authorized to initiate transactions subsequent to his resignation in November 2011. Additionally, we noted that for two of the eight bank accounts, only one signer was required to initiate transactions. Although our tests did not disclose any errors or misappropriations relating to this weakness, under these conditions, there was an increased risk that unauthorized withdrawals or expenditures could be made and not timely detected. In June 2012, subsequent to our inquiry, the IDA reduced the number of bank accounts from eight to two and updated the agreements to remove the former board member’s signature authorization, and include a requirement of at least two authorized signers on the accounts.

Recommendation: The IDA should implement procedures to ensure that it timely amends bank agreements for personnel changes.

Finding No. 8: IDA Staffing

The IDA did not employ staff to perform its financial, accounting, and administrative functions. These activities were performed, at no cost to the IDA, by the Economic Development Council (EDC), which consisted of the Economic Development Director, Economic Development Coordinator, and Office Manager. The EDC is a nonprofit corporation established to promote economic development in the County, and was funded by the EDA and the BCC. Our review disclosed that while the IDA utilized EDC staff, the IDA and the EDC did not have a written agreement regarding this staffing arrangement. Such an agreement is necessary to establish, at a minimum, staff responsibilities and educational requirements, descriptions of services to be provided, supervisory responsibilities, and an indemnification provision. In the absence of such an agreement, the IDA is subject to potential liability if the EDC fails to properly perform the duties delegated to it by the IDA.

Recommendation: The IDA should develop a written agreement with the EDC that contains, at a minimum, the elements described above.

Construction Administration

Finding No. 9: IDA Construction of Speculative Building

On August 25, 2009, the EDA awarded the IDA a \$1.776 million reimbursement grant to fund the construction of a speculative (spec) building within the Hardee County Commerce Park (commerce park). On February 23, 2010, the EDA authorized the IDA to use \$410,000 of this grant to purchase an existing warehouse in the commerce park for prospective tenants, with the remaining grant money to be used for the construction of the spec building. Shortly after signing the grant agreement, the IDA identified a company interested in moving to the commerce park and constructed a suitable building for the company. The spec building, which remained the property of the IDA, was leased to the company along with the purchased warehouse.

Construction of the spec building was administered as a design-build (DB) project. Under the DB process, contractor profit and overhead are contractually agreed upon, and the contracted firm is responsible for all scheduling and

coordination in both the design and construction phases, and is generally responsible for the successful, timely, and economical completion of the construction project. DB firms may also be required to offer a guaranteed maximum price (GMP). The GMP provision allows, for projects in which actual costs are less than the GMP, for the difference between the actual cost of the project and the GMP amount, or net cost savings, to be returned to the IDA.

Our review of the IDA's administration of this construction project disclosed the following:

Selection of Construction Management Entity. Section 287.055(9)(c), Florida Statutes, provides for the use of a competitive proposal selection process in selecting a construction management entity (CME) for a DB contract, and specifies certain requirements when using the process. Our review of the IDA's administration of the competitive proposal selection process disclosed:

- The IDA did not prepare a design criteria package for the project prior to selection of the CME, contrary to Section 287.055(9)(c)1., Florida Statutes.
- The IDA issued a request for proposals and qualifications (RFPQ) in January 2011 that required respondents to include the cost of general conditions (as a per-month charge), preconstruction services fee, design fee, the CME's fee for construction services, and the cost of a payment and performance bond based on a \$1.4 million project. Additionally, the RFPQ indicated that final selection would be based on the following qualifications:
 - Previous preconstruction services and construction management at risk services experience;
 - Qualifications and resumes of proposed team members;
 - Compatibility of key individuals proposed with other project team members;
 - Financial position/bonding/insurance coverage; and
 - Fees and general conditions

Although the RFPQ indicated that the selection of the CME would be based on qualifications, IDA records indicated that it selected the CME based solely on price and fees, contrary to Section 287.055(9)(c)3., Florida Statutes.

- The IDA did not consult with a design criteria professional concerning the evaluation of the responses or bids submitted by the DB firms, contrary to Section 287.055(9)(c)5., Florida Statutes.

Upon inquiry, IDA staff indicated that this was not a true DB construction project, as the CME did not contract for the design of the project. However, IDA records indicated that design fees were included in both the RFPQ and pay applications submitted by the CME.

Subcontractor Bidding Process. On April 4, 2011, the IDA entered into a construction management agreement (contract) with the CME selected for this project. The contract required that the CME develop subcontractor interest in bidding on the project, take competitive bids, prepare a bid tabulation analysis for review by the IDA, and provide written recommendations to the IDA for the award of subcontracts. Additionally, the contract stipulated that subcontracts for less than \$50,000 may be awarded based upon written quotes. All quotes or bids received were to be recorded on a tabulation sheet and copies of the bids, quotes, and tabulation sheets were to be sent to the IDA for review and comment prior to the CME awarding subcontracts.

IDA records indicated that the CME awarded subcontractor bids; however, IDA records did not include detailed bidding information. IDA staff indicated that all bids were reviewed by the Economic Development Director and the Economic Development Coordinator before awards were made; however, IDA records did not evidence such review. Furthermore, IDA staff indicated that this review consisted solely of examination of CME-prepared tabulation sheets, and did not include a review of the submitted quotes or bids. Additionally, IDA records indicated that tabulation

sheets were obtained for only 6 (24 percent) of 25 line items subject to quotes or bids, as included in the GMP established by change order No. 1 (see discussion under the heading *GMP/Substantial Completion Date/Liquidated Damages*). Also, our review of the tabulation sheets disclosed that the amounts listed did not match the amounts ultimately included in the GMP established by change order No. 1 and, in one instance, two conflicting tabulation sheets were on file for the same work item, indicating different subcontractor selections. IDA records did not evidence reasons for the differences between tabulation sheets and amounts ultimately included in the GMP. Without an adequate monitoring process for subcontractor selection, the IDA cannot be assured that subcontractor services were obtained at the lowest price consistent with acceptable quality.

GMP/Substantial Completion Date/Liquidated Damages. The contract required the CME to provide a GMP proposal for the total sum of the project within 30 days of completion of the construction documents. The contract also stipulated that the construction phase commencement date and the construction phase substantial completion date were to be included in the GMP proposal. The contract further stipulated that should the CME fail to substantially complete the work within the required time period, the IDA would be entitled to assess liquidated damages for each calendar day thereafter until substantial completion is achieved. The liquidated damage amount was to be established in the GMP proposal submitted by the CME.

Contrary to the contract, the CME did not provide a GMP proposal to the IDA. Instead, a GMP amount of \$1.7 million was established in the first change order for the project. However, the change order did not include a substantial completion date or liquidated damages amount, therefore providing no financial penalty for untimely completion of the project. Financial penalties provide the IDA with a means to hold the CME responsible, thereby increasing the CME's incentive to complete the project by a certain date.

Payment and Performance Bond. The initial contract totaled \$416,638, representing the amounts to be paid for preconstruction and construction phase services prior to establishment of the final GMP. The contract required the CME to provide the IDA with a bond in the total amount of the GMP. It further stated that no work was to be performed until evidence of an adequate bond was provided to the IDA. Our review disclosed that the IDA obtained evidence, dated July 26, 2011, of a payment and performance bond for the initial contract amount of \$416,638. Change order No. 1, dated July 21, 2011, established a GMP amount of \$1.7 million; however, IDA records did not include a revised payment and performance bond for the GMP established by change order No. 1.

Subsequent to our inquiry, IDA staff provided evidence of a payment and performance bond, dated August 30, 2012, which reflected the final GMP amount after all change orders. IDA records indicated that the project was substantially completed on December 13, 2011. The CME, through the IDA, indicated that its bonding agent required the CME to provide all project change orders and the final pay application in order for the bonding agent to provide the consent of surety to final payment. However, failure to obtain evidence of an adequate payment and performance bond, or some alternative form of security, in advance of the work performed increases the risk that the IDA may be held responsible for the CME's failure to perform its contractual obligations or to properly pay all subcontractors engaged on the projects.

Direct Material Purchases. Section 212.08(6), Florida Statutes, provides an exemption from sales tax to governmental entities when payments are made directly to the vendor by the governmental entity. Department of Revenue Rule 12A-1.094, Florida Administrative Code, addresses the taxation of transactions in which contractors manufacture or purchase supplies and materials for use in public works. The Florida Department of Revenue also issued several technical assistance advisements that describe in detail the steps that governmental entities, including the IDA, must take for sales tax exemptions. To qualify for an exemption from the payment of sales tax, the

governmental entity must directly purchase, hold title to, and assume the risk of loss of the tangible personal property prior to its incorporation into realty, and satisfy various specified conditions.

To obtain sales tax savings on the direct purchase of materials needed for the project, the IDA approved change order No. 2 on August 29, 2011, reducing the GMP by \$431,399 for anticipated direct material purchases. However, because the IDA had not applied for the tax exemption, sales tax totaling \$25,743 was paid on direct materials purchased during the project. Therefore, the IDA did not utilize the most cost-effective method of purchasing construction materials for the project, nor for any additional goods or services purchased by the IDA that may be subject to sales tax within its normal course of business. IDA staff indicated that because the building was built within an enterprise zone, the IDA intended to request reimbursement of sales tax paid, as provided for in Section 212.08(5)(g), Florida Statutes. However, as of September 2012, the IDA had not applied for such reimbursement. Also, reimbursement under this program is restricted and capped at a maximum of \$10,000, which would result in \$15,743 remaining unreimbursed.

Support for General Conditions. The contract provided for the IDA to compensate the CME for personnel costs, including actual wages paid, as well as an indirect salary cost element commonly referred to as labor burden. Components of labor burden typically include social security and Medicare taxes, unemployment taxes, medical insurance, workers' compensation, and may include various company-paid benefits. The costs, coupled with other reimbursable costs, such as vehicle expense, communications, and office supplies, made up the general conditions cost of the project.

IDA records indicated that general conditions scheduled costs totaled \$88,920, or \$14,820 per month for a period of six months. The CME-submitted applications for payment for the project did not include sufficient supporting documentation, such as payroll records, copies of invoices, or any other related support for the amounts charged the IDA for general conditions. Additionally, the contract allowed for a fixed mark-up rate of no more than 36 percent for labor burden; however, because of the lack of supporting documentation, IDA records did not indicate the mark-up rate charged. Absent such documentation, IDA records did not evidence that amounts paid for general conditions were appropriate and reasonable.

Support for Subcontractor Charges. The contract also provided for the IDA to reimburse the CME for the cost of subcontractors performing work on the project. The CME-submitted applications for payment for the project did not include subcontractor invoices or other similar documentation supporting the charges. Accordingly, IDA records did not evidence the basis upon which the IDA paid the CME \$780,596 for subcontractor services. Without reconciling the CME pay requests to detailed supporting documentation from subcontractors, the IDA had limited assurance that reimbursements paid to the CME were appropriate and that it had realized maximum cost savings.

Recommendation: The IDA should implement procedures to competitively select the most qualified firm for construction projects in accordance with Section 287.055, Florida Statutes. The IDA should also ensure that the subcontractor selection process is properly monitored and implement procedures requiring construction contracts to contain appropriate penalty clauses for noncompliance and receipt of evidence of adequate payment and performance bonds prior to commencing work. In addition, the IDA should seek sales tax exemption status and enhance its procedures to ensure that general condition items and subcontractor charges are supported by payroll records, invoices, or other appropriate documentation.

Finding No. 10: IDA Construction of Broadband Network

On February 2, 2010, the EDA awarded the IDA a \$2 million reimbursement grant for the construction and maintenance of a broadband infrastructure network (project) within Hardee County. Accordingly, the IDA entered into an agreement, in March 2010, with a company to govern the construction, maintenance, and ownership of the network. The agreement term was three years, and required a matching \$2 million investment by the company. While IDA records indicated that the project was fully constructed by August 2011, the agreement will not expire until March 2013. Our review of the administration of the agreement and the construction activities related to the project through September 2012 disclosed the following:

Matching Investment. The agreement required the company to contribute \$2 million in cash, equipment, and services to the project, and stipulated that the investment would be proportioned over the term of the agreement. Although the agreement allowed the IDA to request documentation of the company's investment at any time, as of September 2012, IDA records did not evidence that it had determined and monitored the company's compliance with the proportional investment requirements. IDA staff indicated that the company's investment would be satisfied at closeout, and that the company provided updates to the IDA on a regular basis; however, as of September 2012, the company had not provided evidence of its proportional investment. Absent adequate and timely monitoring of the company's investment throughout the entire term of the project, the IDA has limited assurance that the project will be equally funded by each party, as required by the agreement.

Performance Requirements. The agreement stipulated that upon expiration of the grant term, if the company substantially satisfied the performance requirements set forth in schedule 2 of the agreement, title to, and ownership of, equipment purchased for the project would transfer from the IDA to the company. However, our review of the agreement disclosed that schedule 2 of the agreement did not exist. IDA staff indicated that schedule 2 was not created because the term of the agreement had not expired. However, without defined performance requirements established in the agreement, there is an increased risk that the project will not be constructed to the IDA's expectations.

Project Insurance Requirements. The agreement required that the company maintain property and casualty (including liability) insurance on the project and any other property acquired with grant funds in amounts customary and appropriate for similar projects. IDA records did not evidence that the company obtained the required insurance coverage. Under such circumstances, the IDA could be responsible for losses (property or otherwise) that could or may have occurred. On September 24, 2012, subsequent to our inquiry, the IDA obtained from the company evidence of insurance held by the company during the term of the agreement.

Site Agreement Insurance Coverage. The IDA entered into four separate site lease agreements with the City of Wauchula, City of Zolfo Springs, City of Bowling Green, and Hardee County to provide the company access to certain sites and locations for housing the broadband equipment. Each agreement required the company to obtain insurance, with one of the agreements also requiring the IDA to obtain insurance. However, IDA records did not evidence that the company or the IDA obtained insurance coverage. IDA staff indicated that the company maintained insurance, but the IDA did not obtain evidence of such coverage. Under such circumstances the IDA could be found in violation of site agreements and additionally could be held responsible for losses (property or otherwise) that could or may have occurred.

Capitalization of Project Expenditures. On August 1, 2011, the IDA certified to the EDA that the project had been completed and submitted a final request for reimbursement of project expenditures. Our review of the IDA's 2010-11 fiscal year financial statements disclosed that the project expenditures were not capitalized, contrary to

generally accepted accounting principles (GAAP). EDA records indicated that a total of \$1,999,099 was spent by the IDA on the project for the 2009-10 and 2010-11 fiscal years. IDA staff indicated that this issue would be discussed with the IDA’s independent auditor for the 2011-12 fiscal year.

Annual Compliance Certificates. The agreement required the company to provide an annual compliance certificate stating that during such year the company fulfilled its obligations under the agreement and including a description of any known material defaults in the fulfillment of such obligations. Additionally, the certificate was required to be signed by the company’s acting chief financial officer and delivered within 45 days of the close of each calendar year. Accordingly, compliance certifications should have been filed with the IDA no later than February 14, 2011, and 2012. However, IDA records did not evidence that the certifications were filed. IDA staff indicated that, while certificates had not been submitted, the company provided updates to the IDA on a regular basis during various meetings.

Recommendation: The IDA should determine the company’s proportional investment in the project, create schedule 2 of the agreement, ensure evidence of insurance coverage is maintained for each site and location, capitalize expenditures in accordance with GAAP, and obtain the required compliance certifications. For future grants, the IDA should obtain evidence of required insurance coverage prior to beginning new projects.

Follow-up to Management’s Response

In his response, the IDA Chairman indicated that the IDA disagrees with an assertion of inadequate monitoring of the company jointly developing the broadband project. He further indicated that the construction office for the project was based within the IDA’s office space, that custody of the records and documentation related to the project was the responsibility of the company, and that the information may not have been reviewed as a part of the audit. However, the point of our finding is that the IDA should have determined and monitored the company’s proportional investment as required by the agreement throughout the term of the agreement rather than at project closeout as suggested by the IDA Chairman. Additionally, the IDA is responsible for maintaining in its public records documentation evidencing its monitoring of the company’s performance under the contract and was required to provide us such documentation upon our request. We requested that the IDA provide us with all such documentation and reviewed the documentation provided to us.

HARDEE COUNTY ECONOMIC DEVELOPMENT AUTHORITY (EDA)

Grant Administration

The purpose of the EDA is to solicit, rank, and fund projects that provide economic development opportunities and infrastructure within the geographic boundaries of Hardee County, and to otherwise maximize the use of Federal, State, local, and private resources. The EDA’s major source of funding is the phosphate severance tax distributed to Hardee County pursuant to Section 211.3103, Florida Statutes. The EDA received phosphate severance taxes totaling \$8,485,909 for the 2008-09 through 2011-12 fiscal years.

Finding No. 11: Hangar and Broadband Projects

We reviewed the EDA’s administration of grants, totaling \$7.8 million, awarded from phosphate severance tax funds from April 2007 through October 2010. Our review disclosed the following regarding two grant-funded projects:

Hangar Project

In April 2007, the EDA awarded the City of Wauchula an infrastructure grant, totaling \$775,000, to partially fund the materials, equipment, and labor to construct a hangar facility at the City's municipal airport. The remaining costs of the hangar facility were funded by other sources received by the City. Our review of the EDA grant and expenditure reimbursements related to the grant disclosed the following:

Insufficient Support for Expenditures. The grant agreement signed on April 25, 2007, included various exhibits, including an Exhibit B describing various requirements related to requests for reimbursement of project expenditures and including a standard form for submission of reimbursement requests. The form specified that copies of invoices, along with proof of payment, were required for EDA to approve reimbursements. Our review of EDA records disclosed six applications for payment from the CME, totaling \$420,301, that were unsigned by the acting architect on the project. An architect's signature certifies to the owner of a project that the progress and sum due indicated by the CME properly reflects the status of the project. In response to our inquiries, EDA staff requested an explanation from the officials of the grantee, who indicated that because the CME submitted pay applications electronically to the City, signatures were not always obtained, but the architect emailed approval to the City for each of these payments. However, the emailed approvals were not provided to the EDA and, therefore, EDA records did not evidence that amounts reimbursed were properly approved.

Broadband Project

As discussed in finding No. 10, in February 2010, the EDA awarded the IDA a \$2 million reimbursement grant for the construction and maintenance of a broadband infrastructure network within Hardee County. Our review of the grant and reimbursements related to this grant disclosed the following:

Insufficient Support for Expenditures. The grant agreement signed on February 2, 2010, included various exhibits, including an Exhibit C describing various requirements related to requests for reimbursement of project expenditures and including a standard form for submission of reimbursement requests. The form specified that copies of invoices, along with proof of payment, were required for the EDA to approve reimbursements. Our review of reimbursement payments to the IDA related to this project disclosed:

- Reimbursement payments totaling \$7,880 were issued without supporting invoices (see further discussion below under the heading *Unrelated Expenditures*).
- Reimbursement payments totaling \$1,427,354 were made based on submitted invoices but did not include proof of payment, such as signed or canceled checks.

While we were able to confirm that the checks were ultimately signed, without adequate evidence of goods or services received and payments made at the time of reimbursement, the EDA had limited assurance that grant funds were appropriately expended, and there was an increased risk of overpayment.

Unrelated Expenditures. Exhibit C of the grant agreement specified that the grant be issued on a reimbursement basis in accordance with good cash management principles, and include only expenditures related to the project elements and the time period identified in the agreement. Our review of grant records disclosed reimbursement payments, totaling \$7,880, for grant writing and consulting charges incurred by the IDA that did not appear to be related to the grant. Although invoices were not available for review, other EDA records (a spreadsheet with descriptions of what payments to consultants were for) indicated that the charges were related to the preparation of a distance learning and telemedicine grant application, a rural business opportunity grant application, and a report entitled "Rural Florida Data Center." In response to our inquiries, EDA staff requested an explanation from IDA staff, who indicated that the consultant originally assisted in pursuing broadband opportunities in Hardee County and

subsequently was contracted to solicit additional grant opportunities related to broadband, including data center feasibility. However, the reimbursement of expenditures related to applications for nonrelated grants, and the preparation of a report related to data center feasibility, did not represent necessary and reasonable costs of the project for which grant funds were awarded.

Recommendation: The EDA should implement procedures to ensure that expenditures submitted for reimbursement pertain to the grant award and that reimbursement requests are adequately supported in accordance with the grant requirements.

HARDEE COUNTY BOARD OF COUNTY COMMISSIONERS (BCC)

Financial Reporting

Finding No. 12: BCC Financial Reporting

The Governmental Accounting Standards Board (GASB) has established accounting and financial reporting standards for all governments that require that an entity determined to be a component unit be reported within the primary government’s basic financial statements. A primary government’s failure to include a component unit’s transactions in its basic financial statements may cause the financial statements to be misleading or incomplete.

GASB has established criteria for determining whether an entity is a component unit. Based on GASB component unit criteria in effect for the 2010-11 fiscal year³, an entity was required to be reported as a component unit of the BCC if the BCC (primary government) was financially accountable for the entity. The BCC was financially accountable for an entity if the entity was fiscally dependent on the BCC or there was a potential for the entity to provide specific financial benefits to, or impose specific financial burden on, the BCC.

The BCC’s 2010-11 fiscal year financial statements did not include the IDA as a component unit. Instead, the IDA’s financial activities were reported separately from the BCC. However, our application of the GASB component unit criteria to the IDA disclosed that the IDA should have been reported as a discretely presented component unit in the BCC’s financial statements as the BCC is financially accountable for the IDA because the BCC appoints a voting majority of the IDA’s governing board and the IDA imposes a specific financial burden on the BCC, as discussed below.

As previously discussed in finding No. 1, the BCC entered into an agreement with a developer allowing the developer mining and reclamation rights for certain properties described as South Fort Meade Mine. In return, the developer agreed to pay the IDA \$42 million over a 10-year period, of which \$5 million is to be transferred to the BCC. The IDA received payments totaling \$5 million for the 2010-11 fiscal year, of which the IDA remitted \$500,000 to the BCC. The BCC was not required to enter into the development agreement and, in entering into the agreement, chose to allow a portion (\$4.5 million for the 2010-11 fiscal year) of the consideration paid by the developer be paid to the IDA. By doing so, under GASB component unit criteria, the BCC voluntarily assumed the obligation to pay this amount to the IDA resulting in a specific burden being imposed on the BCC by the IDA.

Correspondence from BCC legal counsel indicated that the BCC has no discretion over amounts payable to the IDA. While we agree that based on the terms of the agreement the BCC has no such discretion, the BCC was not legally compelled to enter into the agreement and, as such, it had discretion as to whether or not to enter into an agreement

³ GASB Statement No. 61 amends the criteria for determining component units effective for fiscal years beginning after June 15, 2012.

allowing payments to be made to the IDA in return for allowing the developer mining and reclamation rights for the subject properties (i.e., the BCC could have chosen to have such payments made directly to the BCC before providing the funding to the IDA).

In response to our inquiry, BCC and IDA staff indicated that they did not consider payments to the IDA to be BCC support because the developer remitted the payments directly to the IDA. However, under GASB component unit criteria, the payments effectively represent BCC support to the IDA since the agreement was between the BCC and the developer, and the BCC opted to allow the payments to be made to the IDA.

Recommendation: In accordance with GASB's accounting and financial reporting standards, the County should report the financial activities of IDA, as a discretely presented component unit, in its 2011-12 fiscal year basic financial statements.

Follow-up to Management's Response

In her response, the BCC Chairperson indicated that the treatment of the IDA as a component unit depends entirely on whether the BCC ever had control over the funds disbursed by the developer and that, without control, no financial burden exists on the BCC. However, whether or not the BCC has, or had, control over funds disbursed by the developer to the IDA is not the basis for our conclusion that the IDA imposes a financial burden on the BCC. Rather, the basis for our conclusion is that the BCC, although not compelled to do so, voluntarily entered into an agreement authorizing a portion of the funds to be paid to the IDA.

The BCC Chairperson also indicated that the developer was not legally compelled to provide funding to the IDA to consummate the agreement. However, her response also states that the payments to the IDA were incorporated into the development agreement largely to provide an additional element of collectability, which indicates the BCC's intent to require the developer to provide such funding to consummate the agreement.

She further indicated that inclusion of the IDA as a component unit would be misleading to the users of the financial statements as they may infer that the BCC had (or has) the ability to control the disposition of these funds. However, while the BCC had control over whether to agree to have a portion of the funds provided to the IDA, the development agreement requires that the applicable portion of the funds be paid to the IDA and does not provide the BCC control over such funds.

OBJECTIVES, SCOPE, AND METHODOLOGY

The Auditor General conducts operational audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations. The operational audit of the Economic Development Authority (EDA) and the Industrial Development Authority (IDA) and the financial relationships of these entities' with the Hardee County Board of County Commissioners (BCC), was conducted pursuant to Section 11.45(3)(a), Florida Statutes.

We conducted this operational audit from June to September 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objectives of this operational audit were to:

- Evaluate management’s performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines.
- Examine internal controls designed and placed in operation to promote and encourage the achievement of management’s control objectives in the categories of compliance, economic and efficient operations, reliability of records and reports, and the safeguarding of assets, and identify weaknesses in those controls.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the audit, deficiencies in management’s internal controls, instances of noncompliance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines, and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

For those programs, activities, and functions included within the scope of our audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit’s findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

The scope and methodology of this operational audit are described in Exhibit A. Our audit included the selection and examination of various records and transactions occurring from October 1, 2010, through June 30, 2012, and selected transactions and actions taken prior and subsequent thereto through September 2012. Unless otherwise indicated in this report, these transactions and records were not selected with the intent of statistically projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

An audit by its nature does not include a review of all records and actions of agency management, staff, and vendors, and as a consequence, cannot be relied upon to identify all instances of noncompliance, fraud, waste, abuse, or inefficiency.

AUTHORITY

Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.

David W. Martin, CPA
Auditor General

MANAGEMENTS’ RESPONSES

Managements’ responses are included as Exhibit B.

EXHIBIT A
AUDIT SCOPE AND METHODOLOGY

Scope (Topic)	Methodology
Relationships between the BCC, EDA, EDC, and IDA and flow of any funds between the entities.	Determined individual Board composition and existence of any potential conflict of interests. Reviewed any financial interrelationships between the entities.
Annual financial reports and audited financial statements.	Reviewed annual financial reports and audited financial statements for the 2008-09, 2009-10, and 2010-11 fiscal years to determine compliance with Sections 218.32 and 218.39, Florida Statutes.
Budgets and oaths of office.	Reviewed budgets and oaths of office for the 2010-11 and 2011-12 fiscal years to determine compliance with Florida law and the State Constitution.
Audit findings disclosed by the IDA’s independent auditor.	Reviewed all findings reported by the auditor and determined the status of the IDA’s corrective action.
IDA banking practices, disbursements, and collections of miscellaneous revenue (rent and grove receipts).	Tested cash receipts, disbursements, and transfers, authorized signatories, and miscellaneous collections of rental and grove income.
Development agreement, dated August 14, 2008, and the attached Exhibit B - Economic Development Terms.	Reviewed the development agreement and Exhibit B to determine the appropriateness of the allocation and reporting of moneys received by the IDA and the reporting of the IDA’s financial activity.
Construction projects, change orders, and bids.	Determined whether the EDA and IDA constructed buildings during the period October 2008 through May 2012 and, if so, whether the processes used complied with policies and law.
Land and building acquisitions.	Determined whether the EDA and IDA acquired land and buildings during the period October 1, 2010, through September 30, 2012 and, if so, whether the acquisition processes complied with State law, including the use of bids and appraisals, as appropriate.
Grants awarded by the EDA from the phosphate severance tax proceeds.	Reviewed grant award processes, agreements, and monitoring procedures used by the EDA. Tested expenditures for compliance with grant terms for the period October 2008 through May 2012, with selected follow up through September 2012.
Grants awarded by the IDA from the development agreement money.	Reviewed grant award processes, agreements, and monitoring procedures used by the IDA. Tested expenditures for compliance with grant terms for the period August 2011 through July 2012, with selected follow up through September 2012.

EXHIBIT B
MANAGEMENTS' RESPONSES

**HARDEE COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY**

January, 17, 2013

David Martin, Auditor General
111 West Madison Street
Tallahassee, FL 32399-1450

Dear Sir,

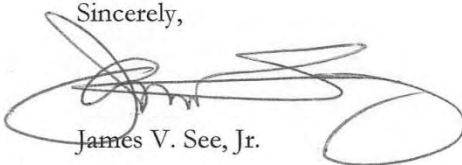
Enclosed are responses from the Hardee County Industrial Development Authority to your preliminary and tentative audit findings and recommendations dated December 19, 2012. The Responses and Corrective Action proposals have been prepared for your consideration as a result of the recent operational audit in Hardee County for the following entities:

Economic Development Activities Administered by the Hardee County Industrial Development Authority (IDA), Hardee County Economic Development Authority (EDA), and Hardee County Board of County Commissioners (BCC), and Other Administrative Matters

Pursuant to Section 11.45(4)(d), Florida Statutes, we are submitting to you within thirty (30) days after receipt of your list, a written statement of explanations concerning all of the findings, including proposed corrective actions.

The IDA has only included an explanation and actual or proposed corrective actions for finding numbers 1 through 10 in Word format. It will be provided both electronically and hard copy to follow in U.S. Mail.

Sincerely,


James V. See, Jr.

107 East Main Street
Wauchula, FL 33873

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FAX (863) 773-4915
E-MAIL info@hardeemail.com
WEB SITE http://www.hardeebusiness.com

HARDEE COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
(IDA) USE OF ECONOMIC DEVELOPMENT FUNDS

Finding No. 1: In awarding a technology grant of \$2,657,813, the IDA may not have complied with Chapter 159, Florida Statutes, in that the purposes for which the grant was awarded do not appear to be consistent with the definition of a “project” as defined in the Florida Industrial Development Act, and which requires the grantee to be financially responsible and fully capable of fulfilling its obligations under the grant. Also, the IDA did not include in the grant agreement a timeline for the grantee to relocate to Hardee County to ensure that the project provided economic gains to the County.

Recommendation: The IDA should only finance projects authorized by Parts II and III of Chapter 159, Florida Statutes. Additionally, prior to entering into future funding agreements for projects, the IDA should: (1) require documentation from the business to demonstrate that it is financially responsible and fully capable and willing to fulfill its obligations under the financing agreement as required by Section 159.29, Florida Statutes; (2) only consider such an agreement if it will potentially further the economic growth of Hardee County as required by Section 159.46, Florida Statutes; and (3) consider the deficiencies discussed in finding Nos. 2 and 3 in drafting such an agreement.

Management Response: Management respectfully disagrees with the Finding and believes the Auditor General has either misinterpreted or misapplied the provisions of Chapter 159 as more particularly described below.

Section 159.46 provides that one of the purposes of an Industrial Development Authority is to “foster economic development”. Section 159.47(1)(e) empowers Authorities to enter into contracts for any of the purposes identified in Section 159.46, F.S. Additionally, Section 159.53, F.S., provides a statutory directive to construe all of the foregoing provisions “liberally” to effect the intent and the purpose of Chapter 159. Full copies of each of the aforementioned sections are attached hereto for convenient reference.

Hardee County has been identified as a “rural area of critical economic concern” pursuant to Section 288.0656, F.S. This designation demonstrates the legislative and executive branch recognition of the need for extraordinary measures designed to enhance the economic conditions of the County. See attached Section 288.0656, F.S.

Clearly, the IDA is empowered to enter into contracts to foster economic development in the County. The financing and refinancing of “projects” as that term is defined, is identified as another purpose of the Authority but to restrict the Authority to financing and refinancing of projects would be to ignore the other statutory purpose and direction to construe liberally to effect economic development.

Section 288.075, Florida Statutes, provides that an Industrial Development Authority is an Economic Development Agency and recognizes Economic Development Agencies participate in Economic Incentive Programs statewide.

While management recognizes that it is appropriate to apply financial evaluation criteria to a grant award recipient, it disagrees that the statutory checklist applies to grant awards designed to foster economic development in the County.

The agreement failed to contain a timeline for relocation to Hardee County primarily because the delay in relocation was attributable to the Authority and a timeline was impossible at the time to specify.

The Industrial Development Authority is taking action to seek an opinion from the Florida Attorney General on the issue of the interpretation of Chapter 159, Florida Statutes.

Corrective Action: None.

Finding No. 2: The grant agreement used by the IDA for the technology grant did not contain sufficient project descriptions of deliverables, including measurable outcomes to be accomplished within establish time frames, that would demonstrate grantee performance and provide a basis for funding.

Recommendation: For future grants, the IDA should design agreements to provide measurable deliverables with established timeframes to ensure that it may determine grantee performance under the agreement.

Additionally, grant agreements should provide a reporting mechanism so that funding under the grant is dependent upon the grantee providing deliverables within the established timeframes.

Management response: As stated in the grant award agreement, the project is funded as a pilot (trial/experimental) Technology center business operation and infrastructure creation for a RACEC community. The IDA recognizes in the agreement that to accomplish such development that the facilitation of additional capital needs and infrastructure development in/to LifeSync, LLC including additional job creation incentives/grants, buildings, fiber optic cable installation and complementary broadband framework will be necessary (PRECO building acquisition and retrofit/Big Blue agreement/broadband facilitation with multiple redundancies).

The deliverables contained in the contract recognizing the grantee as possessing the technological expertise and acumen (as determined by the IDA members in a publicly advertised hearing) and having reasonable potential to develop and incubate economic diversity in Hardee County are listed below:

- The grantee or its assignor is obligated to the following in section 5 of the agreement:
 - Develop a web-based solution to be marketed to the public and supported by customer service personnel to be located in Hardee County including:
 - a. *Application development*
 - b. *Managing information*
 - c. *Securing information*
 - d. *Storing information*
 - e. *Sharing information*
 - Consult and assist in the development of technological infrastructure for the purpose of creating a technology center to support operations and the development of solutions.
 - Make available investment opportunities within Hardee County subject to all federal rules and regulations.
 - Recruit additional technology companies to co locate within the technology center.
 - Assist in the feasibility/ planning of data center located within reasonable proximity of Technology Park.
- In addition the contract addresses divestiture deliverables as follows:
 - One percent of the stated gross purchase price not to exceed two times the total investment of the IDA into LifeSync.
 - Or a minimum of 75 percent of the amount of money of the IDA into LifeSync Technologies.
 - Upon divestiture, company had to continue operations in Hardee County for not less than three years upon completion of the IDA investment.
- The grantee is also obligated to provide documentation of self-sustainability for an evaluation of cessation of funding.
- The agreement is also supported with a performance based note that obligates the grant recipients to be individually liable for repayment of IDA funds for failure to substantially comply with the scope of the agreement, failure to act in good faith to fulfill the goals of the agreement or to use funds in a manner patently inconsistent with the objectives of the agreement.

There are multiple public mandates to pursue technology as a primary economic development objective at the local, state and national level. These mandates have been noted in the ensuing agreement with Continuum Labs, LLC.

Documentation recommendations aside, in this instance the real measure of the success of this funding will be attainment of viable, long term profitability in the Hardee County market place. The main objective is direct and indirect job creation as a function of economic diversity in Hardee County and the State.

The physical build out of the infrastructure can and will be documented along with the effectiveness of the education syllabus, but without sustainable profitability of one or more business entities occurring as a result of this initiative the

project will be considered a failure by the IDA and the public. The IDA accepts this suggestion on its merit but also recognizes the difficulty in measuring “economic development” pilot projects within established timeframes.

Corrective Action: The IDA has and will continue to modify existing contracts where possible thru public dialogue with current grant/incentive recipients to clarify and define measurable objectives and to further identify anticipated subjective goals.

Finding No. 3: The IDA did not demonstrate of record that it adequately monitored the technology grant by failing to establish required detailed reports to be submitted by the grantee or to provide written reports and recommendations to the IDA Board, contrary to the grant agreement.

Recommendation: The IDA should develop procedures and methodologies that will sufficiently demonstrate in its public records that it met its stewardship responsibilities regarding monitoring of grants. Such procedures, at a minimum, should include obtaining supporting invoices, preparing required reports of the project’s progression, and presenting the results of reviews of the company’s financial activity to the IDA Board.

Management response: The IDA concurs with the need for refinement of the process. In the current instance, the IDA has made significant progress in remedying this circumstance thru allowing Continuum Labs, LLC to assume the assets of BlueWater and reconstruction of documentation/presentation obligations in the grant contract.

Corrective Action: The IDA will continue refining its grant monitoring procedures within the confines of FS 288.075.

Finding No. 4: The IDA did not perform an analysis prior to entering into an agreement with a utility company for providing emergency electrical power. Further, the IDA did not take steps to ensure that the agreement was in the IDA’s best interest.

Recommendation: To ensure that the most efficient and cost-effective option is achieved, the IDA should implement procedures to ensure that an analysis of all alternatives is performed prior to entering into similar agreements. Additionally, the IDA should ensure that its interests are protected within the agreement with clearly defined terms and remedies.

Management response: The IDA concurs with the practice and pragmatism of analysis, but maintains application of this practice in the instance cited was moot. It will provide further documentation to protect interests (both public and private) in the future.

Corrective Action: The IDA will be more deliberate in documenting analytical aspects of projects in the future.

FINANCIAL REPORTING AND ADMINISTRATION

Finding No. 5: Prior to December 2011, the IDA had not filed required annual financial reports or provided for annual financial audits, contrary to law.

Recommendation: The IDA should ensure that it timely complies with applicable financial reporting and audit requirements.

Management response: The IDA has registered as a special district created by general law in FS 159. As noted above, the IDA board received a letter dated November 9, 2011 notifying it of its noncompliance with reporting requirements. The IDA was given a deadline of December 28, 2011 to file audited financial statements and annual financial reports for the fiscal years ended September 30, 2009 and 2010. The IDA met that deadline. We also filed audited financial statements and the annual financial report for the fiscal year ended September 30, 2011 with the State before June 30, 2012, in compliance with the State’s reporting requirements. Our independent auditors are currently in the process of completing their audit of the September 30, 2012 financial statements and we will file those audited financial statement and the annual financial report before the June 30, 2013 deadline.

Corrective Action: Consistent compliance with rules applying to ‘special districts’.

Finding No. 6: The IDA had not taken full corrective actions in response to financial reporting and internal control findings reported by its independent auditor as material weaknesses and other deficiencies.

Recommendation: The IDA should continue in its efforts to address material weaknesses and other internal control deficiencies reported by the independent auditors.

Management response/Corrective Action: In addition to seeking outside professional input, the IDA will continue to review findings and implement remedies that rectify material weaknesses and other internal control deficiencies.

Finding No. 7: The IDA had not timely removed its former treasurer from the list of authorized signers on its bank accounts and two bank accounts required only one signature to initiate transactions.

Recommendation: The IDA should implement procedures to ensure that it timely amends bank agreements for personnel changes.

Management response: The IDA concurs.

Corrective Action: The IDA will periodically review signature cards on file with institutions to prevent such occurrences in the future.

Finding No. 8: The IDA did not have a written agreement with the Economic Development Council (EDC) regarding a staff arrangement whereby the EDC provided staff to the IDA to perform financial, accounting, and administrative functions.

Recommendation: The IDA should develop a written agreement with the EDC that contains, at a minimum, the elements described above.

Management response: The IDA concurs in formalizing a management structure.

Corrective Action: The IDA will formalize a management structure thru legal advice.

CONSTRUCTION ADMINISTRATION

Finding No. 9: The IDA did not comply with Section 287.055, Florida Statutes, in selecting a construction management entity to oversee the construction of a speculative building and we noted several issues of concern with the IDA's administration of the project. Such concerns included inadequate review of subcontractor bid awards and charges, failure to establish completion dates and provisions for liquidating damages, the lack of timely evidence of a payment and performance bond, failure to take advantage of sales tax savings for direct material purchases, and inadequate support for general condition charges.

Recommendation: The IDA should implement procedures to competitively select the most qualified firm for construction projects in accordance with Section 287.055, Florida Statutes. The IDA should also ensure that the subcontractor selection process is properly monitored and implement procedures requiring construction contracts to contain appropriate penalty clauses for noncompliance and receipt of evidence of adequate payment and performance bonds prior to commencing work. In addition, the IDA should seek sales tax exemption status and enhance its procedures to ensure that general condition items and subcontractor charges are supported by payroll records, invoices, or other appropriate documentation.

Management Response: Management understands there were shortcomings with respect to compliance with Section 287.055, Florida Statutes, in the selection process, but most shortcomings in the selection process were driven by an absolute necessity to place a job creating company on an abbreviated timeline. Management will commit to be more diligent in compliance, review of bid awards, and other file administrative matters on similar projects.

Corrective Action: Management will be more diligent in documenting the construction project file to ensure review of subcontractor bid awards and charges, timely documentation of payment and performance bond increases, and all other administrative matters in relation thereto.

Finding No. 10: The IDA did not adequately monitor performance of a company under contract for the construction, maintenance, and ownership of a broadband infrastructure network. The IDA did not, for example, determine the company's compliance with a matching investment requirement, verify the company's compliance with insurance requirements, or obtain required annual compliance certificates from the company.

Recommendation: The IDA should determine the company's proportional investment in the project, create schedule 2 of the agreement, ensure evidence of insurance coverage is maintained for each site and location, capitalize expenditures in accordance with GAAP, and obtain the required compliance certifications. For future grants, the IDA should obtain evidence of required insurance coverage prior to beginning new projects.

Management Response: The IDA disagrees with an assertion of inadequate monitoring of the company jointly developing the pilot broadband project. The construction office for the project was based in the economic development office and there was full cooperative communications between the parties during the "middle mile" construction period. Additionally, the Section 6.1 of the Agreement in March of 2010 provides for custodianship of records and documentation related to the project to be the responsibility of Rapid Systems. This information which is comprehensive and substantial may not have been reviewed as a part of the audit. This information will be included in the closeout audit process mentioned in the next section.

Management has recently obtained permission from the IDA to begin developing a process to audit the timely closeout of the project (including proportional investment by the company) and an economic impact assessment thru the University of South Florida.

The schedule 2 objective, intentionally after the fact will acknowledge the creation of a successful, ubiquitous Broadband system, that is self-sustaining, profitable and creator of direct and indirect jobs with the empirical value of rural broadband remaining nebulous or ill-defined for years to come, but with high expectations. The State and Federal government would be welcomed and well advised to comprehensively study the architecture and functionality of the Hardee Broadband system.

Because the project was begun on County right of way, the insurance documentation was kept in the possession of the BOCC. We have since obtained copies of appropriate insurance coverage's from BOCC files and placed in IDA files. The IDA concurs in obtaining evidence of insurance.

The total amount expended will be reflected as "capital assets" on the 9/30/2012 financials and will be restated for appropriate prior years.

The IDA believes this project to be an overwhelming success. In many respects it is a "hallmark" example of public/private partnership for the general welfare and common good.

Corrective Action: The IDA will include duplicate records and files for future projects and use greater care in providing evidence of stewardship for future audits.

Attachment:

<u>Title XI</u>	<u>Chapter 159</u>	<u>View Entire</u>
COUNTY ORGANIZATION AND INTERGOVERNMENTAL RELATIONS	BOND FINANCING	<u>Chapter</u>

159.46 Purposes.—Industrial development authorities, as authorized by ss. [159.44-159.53](#), are created for the purpose of financing and refinancing projects for the public purposes described in, and in the manner provided by, the Florida Industrial Development Financing Act and by ss. [159.44-159.53](#) and for the purpose of fostering the economic development of a county. Each industrial development authority shall study the advantages, facilities, resources, products, attractions, and conditions concerning the county with relation to the encouragement of economic development in that county, and shall use such means and media as the authority deems advisable to publicize and to make known such facts and material to such persons, firms, corporations, agencies, and institutions which, in the discretion of the authority, would reasonably result in encouraging desirable economic development in the county. In carrying out this purpose, industrial development authorities are encouraged to cooperate and work with industrial development agencies, chambers of commerce, and other local, state, and federal agencies having responsibilities in the field of industrial development.

History.—s. 2, ch. 70-229; s. 14, ch. 80-287.

<u>Title XI</u>	<u>Chapter 159</u>	<u>View Entire</u>
COUNTY ORGANIZATION AND INTERGOVERNMENTAL RELATIONS	BOND FINANCING	<u>Chapter</u>

159.47 Powers of the authority.—

(1) The authority is authorized and empowered:

- (a) To have perpetual succession as a body politic and corporate and to adopt bylaws for the regulation of its affairs and the conduct of its business;
- (b) To adopt an official seal and alter the same at pleasure;
- (c) To maintain an office at such place or places in the county as it may designate;
- (d) To sue and be sued in its own name and to plead and be impleaded;
- (e) To enter into contracts for any of the purposes enumerated in ss.

[159.44-159.53](#) and in the Florida Industrial Development Financing Act;

[Title XI](#)
COUNTY ORGANIZATION AND
INTERGOVERNMENTAL RELATIONS

[Chapter 159](#)
BOND
FINANCING

[View Entire
Chapter](#)

159.53 Construction.—Sections [159.44-159.53](#), being necessary for the prosperity and welfare of the state and its inhabitants, shall be liberally construed to effect the purposes thereof.

History.—s. 10, ch. 70-229.

[Title XIX](#)
PUBLIC
BUSINESS

[Chapter 288](#)
COMMERCIAL DEVELOPMENT AND
CAPITAL IMPROVEMENTS

[View Entire
Chapter](#)

288.0656 Rural Economic Development Initiative.—

(1)(a) Recognizing that rural communities and regions continue to face extraordinary challenges in their efforts to significantly improve their economies, specifically in terms of personal income, job creation, average wages, and strong tax bases, it is the intent of the Legislature to encourage and facilitate the location and expansion of major economic development projects of significant scale in such rural communities.

ECONOMIC DEVELOPMENT AUTHORITY
412 WEST ORANGE STREET, ROOM 103
WAUCHULA, FL 33873

January 17, 2013

Mr. David W. Martin, CPA
Auditor General; State of Florida
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, FL 32399-1450

Dear Mr. Martin:

In response to your letter dated 12/19/12 regarding the Hardee County Economic Development Authority preliminary and tentative audit findings and recommendations, please find our response below:

Finding No. 11: The EDA did not ensure that grant reimbursement requests for two grants were adequately supported in accordance with the grant agreements and only included expenditures related to the applicable project.

Recommendation: The EDA should implement procedures to ensure that expenditures submitted for reimbursement pertain to the grant award and that reimbursement requests are adequately supported in accordance with the grant requirements.

Insufficient Support for Expenditures

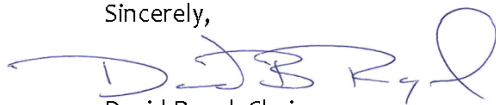
When processing future reimbursements the EDA support staff will be vigilant in ensuring that all documentation as to the validity of the expenditures, evidence of the amount expended and the progress of the project is received, properly executed, signed and filed with the reimbursement request. All staff will be trained on appropriate procedures and a checklist developed to assist in validating proper documentation is received and verified prior to forwarding the reimbursement request to the accounting department.

Broadband Project

Unrelated Expenditures

When processing future reimbursements the EDA support staff will ensure that all expenditures are related to the project elements of the grant award as per the approved contract. If any questions or concerns arise as to the legitimacy of a component of the reimbursement request, relative to the scope of the project, staff will seek an interpretation from legal counsel and if necessary seek the direction of the EDA Board before denying or processing a specific expenditure for reimbursement.

Sincerely,



David Royal, Chairman



HARDEE COUNTY
 BOARD OF COUNTY COMMISSIONERS
 412 West Orange Street, Room 103
 Wauchula, Florida 33873
 (863)773-9430 *Fax (863)773-0958
bcc@hardeecounty.net www.hardeecounty.net

January 17, 2013

Mr. David W. Martin, CPA
 Auditor General; State of Florida
 G74 Claude Pepper Building
 111 West Madison Street
 Tallahassee, FL 32399-1450

Dear Mr. Martin:

In response to your letter dated 12/19/12 regarding the Hardee County Board of County Commissioners preliminary and tentative audit findings and recommendations, please find our response below:

Finding No. 12: The BCC's financial statements did not include the IDA as a component unit, contrary to governmental accounting and financial reporting standards.

Recommendation: In accordance with GASB's accounting and financial reporting standards, the County should report the financial activities of IDA, as a discretely presented component unit, in its 2011-12 fiscal year basic financial statements

Management Response:

The treatment of the IDA as a component unit depends entirely on whether the BOCC ever had control over the funds disbursed by Mosaic. Without having control over the disposition of those funds, there would be no financial burden placed on the BOCC and, therefore, the IDA would not meet the criteria for being included as a component unit as defined by the GASB.

Management of the BOCC asserts that it was never the intent of Mosaic that the BOCC have control or discretion over the \$42 million being paid to IDA over a ten year period. While the BOCC was not legally compelled to enter into the agreement, neither was Mosaic legally compelled to make payments of \$42 million to consummate the agreement. Other mining permits have been issued without such payments and Mosaic could have taken a variety of other actions to meet the economic development component of the comprehensive plan, many of which would not involve making payments to any government entity. The payments were incorporated into the development agreement largely to provide an additional element of collectability; however, they were specifically directed to the IDA to comply with Mosaic's intent that the BOCC not have access to these funds.

Sue Birge, Chairperson - Frederick (Rick) M. Knight, Vice-Chairperson
 Mike Thompson - Colon Lambert - Grady Johnson
 County Manager Lexton H. Albritton, Jr. - County Attorney Ken Evers

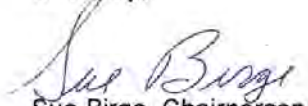
"An Equal Opportunity Employer"

Hardee County Board of County Commissioner's
Audit General Response Letter
Page Two

The GASB staff cited GASB Statement No. 14, paragraph 32 as support for treating IDA as a component unit. This paragraph describes a situation where "a taxing government temporarily waives its right to receive incremental taxes from its own levy" to provide tax increment financing to another governmental entity. There are two major differences in this scenario and the Mosaic payments. First, as noted above, management asserts it was never Mosaic's intent that the BOCC control or have access to these funds. Therefore, the BOCC could not have the ability to waive a right it never had. Second, as opposed to tax increment financing, this is not a temporary condition. The BOCC will never have the ability to access this funding stream in the future.

Finally, BOCC management believes that including IDA as a component unit will be misleading to the users of the financial statements, i.e. the citizens of Hardee County, as already demonstrated by certain public reaction to the Auditor General's preliminary findings. By including IDA as a component unit, users of the financial statements may infer that the BOCC had (or has) the ability to exercise control over these funds. Again, BOCC management asserts it never had access to, or the ability to control the disposition of, these funds. In addition, by including IDA as a component unit, users of the financial statements may conclude that the BOCC has the ability to impose its will on the IDA and, thereby, may have some future claim to this funding stream for the benefit of the BOCC. As clearly specified in the Development Agreement, the BOCC does not have the ability to access the funds paid to IDA.

Sincerely,



Sue Birge, Chairperson

Documents provided by Hardee County

Dubose, Kathy

From: Bill Lambert <bill.lambert@hardeemail.com>
Sent: Friday, February 15, 2013 11:45 AM
To: Dubose, Kathy
Cc: sarah.pelham@hardeemail.com; Casey Dickson; Kristi Schierling
Subject: Hardee County Joint Legislative Audit Backup
Attachments: Bill Lambert.vcf; Index of Hardee County Supplementary Information FINAL.docx; Attachment 1 - Synopsis of Hardee County Economic Development Entities and Operational Audit FINAL.docx; Attachment 2 - Continuum Labs preamble resolution adopted subsequent to Operational Audit period.pdf; Attachment 3 - Compliance Letters from Department of Financial Services, Auditor General and Special Districts.pdf

Kathy,

Please find attached, in sequence:

- Index of Hardee County Supplementary Information
- Attachment 1: Synopsis of Hardee County Economic Development Entities and Operational Audit
- Attachment 2: Continuum Labs, Inc. "preamble" resolution adopted subsequent to Operational Audit period
- Attachment 3: Compliance letters from Department of Financial Services, Auditor General and Special Districts
- Attachment 4: Support letters for Hardee County Economic Development
- Attachment 5: Hardee County Representatives

Attachment 4 and 5 will be included in a separate email due to size restrictions.

Bill Lambert





Hardee County Economic Development Authority

Index

Hardee County Supplementary Information

Joint Legislative Auditing Committee
February 18, 2013

Attachment 1: Synopsis of Hardee County Economic Development Entities and Operational Audit

Attachment 2: Continuum Labs “preamble” resolution adopted subsequent to Operational Audit period

Attachment 3: Compliance letters from Department of Financial Services, Auditor General and Special Districts

Attachment 4: Support letters for Hardee County Economic Development (obtained in 24 hrs.)

- **21 Current Elected Officials**
 - **4 of 5 County Commissioners**
 - **5 of 5 School Board**
 - **4 Constitutional Officers**
 - **Municipal Elected Officials**
- **Former Elected Officials**
- **Current Appointed and Volunteer Citizens**
- **Business Owners**
- **Concerned Citizens**

Attachment 5: Hardee County Representatives

Attachment 1

Synopsis of Hardee County Economic Development entities and operational audit

Hardee County has **two** separate Economic Development groups audited recently by the Auditor General:

The first group is the **Hardee County Economic Development Authority (EDA)**. It was created by the Florida Legislature as an *independent special district* in 2004 with the passage of a “local bill, SB 3110”.

This legislation directed portions of the state severance taxes collected from phosphate mining to fund economic development, job creation and certain infrastructure activities through a grant process established in the “local bill”.

Important points related to the EDA include the following:

- The grant money is administered by/thru the creation of the an EDA in counties (where phosphate mining occurs) that have been designated by the Governor as Rural Areas of Critical Economic Concern (RACEC).
- Over 1/3 of the land in Hardee County is owned or controlled by mining companies. While the County embraces mining it is inevitable operations will end at some point in the future and alternative economies must be identified and created in advance of the industry exit.
- The EDA has 9 members including two nominated by the three cities and selected by the County Commission, two “at-large” appointed by the County Commission, Chair or designee from the Hardee County Farm Bureau and Chamber of Commerce, one from the phosphate industry, one from Workforce Florida and one from Department of Economic Opportunity or Enterprise Florida. (It was ingeniously balanced this way to prevent the BOCC from totally controlling the deployment of the money thru influences of strong political factions that opposed diversifying the County’s economy.)
- Projects are first ranked for prioritization by the three city commissions and the BOCC. The Authority then considers those rankings for its funding priority.
- There has never been a project funded by the EDA that was not ranked and endorsed as a priority by the BOCC.
- This money is administered by the BOCC thru the County Manager office and disbursed by the Clerk of Court as directed in the SB 3110.
- There was only one audit comment in the “findings and recommendations” by the auditor general related to the EDA: “The EDA should implement procedures to ensure that expenditures submitted for reimbursement pertain to the grant award and that reimbursement requests are adequately supported in accordance with the grant requirements.” (There is nothing abnormal or unusual with this type of audit comment to warrant accusations as has been reported publicly recently.)
- There is a large contingency of Hardee County elected officials, staff and citizens diligently attempting to uphold the intentions of SB 3110 that are being constantly and unjustly vilified.

The second group is the **Hardee County Industrial Development Authority (IDA)** created by Chapter 159, Florida Statutes and activated by a Hardee County Board of County Commissioner's (BOCC) resolution as a result of citizen petition request in 1984. The IDA (dependent special district) and its sister- the Hardee County Economic Development Council (EDC is a 501 c 3 non-profit) have dual membership with a minimum of 9 and no more than 13 members appointed by the BOCC.

There were no findings or comments related to the EDC.

The IDA owns and manages a commerce park and other real estate properties to "foster and promote economic development activities" as per Chapter 159, Florida Statutes (http://www.leg.state.fl.us/STATUTES/index.cfm?App_mode=Display_Statute&URL=0100-0199/0159/0159ContentsIndex.html) and also receives funding pursuant to a contracted agreement to perform (as per FS 159) economic development activities on behalf of the Mosaic Company.

- It is this "agreement" that is causing all of the political commentary and notoriety. The issue involves the following points:
- The Economic Development Element of the Comprehensive Plan reads in part: "*Policy E5.1: Hardee County shall require mining interests that participate in the annual mining review process to address these elements of economic development contained in the Policies of Objective E5. Additionally, prior to approval, modification or extension of any development order, permit or other County approval the applicant shall address the elements of economic development demonstrating how each mining operation and reclamation plan maximize and achieve economic development and diversity.*"
- The County entered into a Chapter 163, Florida Statute Development Agreement in 2008 with the Mosaic Company to satisfy compliance with the Economic Development Element of the Hardee County Comprehensive Plan.
- The agreement provides for two initial annual payments of \$5 million and eight ensuing annual payments of \$4 million directly to the IDA to conduct Economic Development on behalf of the Mosaic Company to satisfy such comprehensive plan compliance.
- Mosaic chose to utilize the availability of the IDA to accomplish its compliance because directly or indirectly paying money to the BOCC would have been considered as "purchasing a permit."
- The BOCC cannot "impose its will on the IDA" other than appointment and removal with cause of its members.
- The Mosaic Company money is not derived from tax sources or bond revenues or any source of government tax generated dollars.
- The Mosaic Company was not required to satisfy the Comp Plan in this manner. It was their desire to do this in this manner.
- The IDA completed all necessary financial audits with no findings related to missing or misappropriated money.

- The IDA had ten findings and recommendations with the recent auditor general operational audit.
- The Auditor General has applied sections of Chapter 159 including 159.29 criteria to IDA funding initiatives in its operational audit review. The IDA asserts that the revenue source related to its funding is not a taxpayer source (property or sales tax, etc.) or bond issue revenue source, but rather a “contractual” commitment through the Mosaic Agreement to foster and promote economic development on behalf of the Mosaic Company.

Further, there is only one “Finding” that is irreparable to the IDA function and the IDA believes strongly the Auditor General has misapprehended the intent of the legislature relative to Chapter 159 FS. Other "findings" have simple administrative remedies already applied and adopted. The "finding and response" is as follows:

Finding No. 1: In awarding a technology grant of \$2,657,813, the IDA *may not have complied* with Chapter 159, Florida Statutes, in that the purposes for which the grant was awarded do not appear to be consistent with the definition of a “project” as defined in the Florida Industrial Development Act, and which requires the grantee to be financially responsible and fully capable of fulfilling its obligations under the grant. Also, the IDA did not include in the grant agreement a timeline for the grantee to relocate to Hardee County to ensure that the project provided economic gains to the County.

Recommendation: The IDA should only finance projects authorized by Parts II and III of Chapter 159, Florida Statutes. Additionally, prior to entering into future funding agreements for projects, the IDA should: (1) require documentation from the business to demonstrate that it is financially responsible and fully capable and willing to fulfill its obligations under the financing agreement as required by Section 159.29, Florida Statutes; (2) only consider such an agreement if it will potentially further the economic growth of Hardee County as required by Section 159.46, Florida Statutes; and (3) consider the deficiencies discussed in finding Nos. 2 and 3 in drafting such an agreement.

Management Response: Management respectfully disagrees with the Finding and believes the Auditor General has either misinterpreted or misapplied the provisions of Chapter 159 as more particularly described below.

Section 159.46 provides that one of the purposes of an Industrial Development Authority is to “foster economic development”. Section 159.47(1)(e) empowers Authorities to enter into contracts for any of the purposes identified in Section 159.46, F.S. Additionally, Section 159.53, F.S., provides a statutory directive to construe all of the foregoing provisions “liberally” to effect the intent and the purpose of Chapter 159. Full copies of each of the aforementioned sections are attached hereto for convenient reference.

Hardee County has been identified as a “rural area of critical economic concern” pursuant to Section 288.0656, F.S. This designation demonstrates the legislative and executive branch recognition of the need for extraordinary measures designed to enhance the economic conditions of the County. See attached Section 288.0656, F.S.

Clearly, the IDA is empowered to enter into contracts to foster economic development in the County. The financing and refinancing of “projects” as that term is defined, is identified as another purpose of the Authority but to restrict the Authority to financing and refinancing of projects would be to ignore the other statutory purpose and direction to construe liberally to effect economic development.

Section 288.075, Florida Statutes, provides that an Industrial Development Authority is an Economic Development Agency and recognizes Economic Development Agencies participate in Economic Incentive Programs statewide.

While management recognizes that it is appropriate to apply financial evaluation criteria to a grant award recipient, it disagrees that the statutory checklist applies to grant awards designed to foster economic development in the County.

The agreement failed to contain a timeline for relocation to Hardee County primarily because the delay in relocation was attributable to the Authority and a timeline was impossible at the time to specify.

Corrective Action: None.

Attachment 2

ASSIGNMENT AND MODIFICATION AGREEMENT

The Hardee County Industrial Development Authority, in recognizing previous funding obligations and conditions of "Grant Award Agreement (LifeSync funding agreement)" dated October 11, 2011 here attached as Exhibit 1, by and through this document and in recognition of Assignment Agreement attached as Exhibit 2, from LifeSync to Continuum, Inc. dated September 15th, 2012 on this day, November 13, 2012 hereby consents to assignment with the following statements, conditions and amendments:

Whereas the Hardee County citizens recognized the need for an Industrial Development Authority (IDA) to foster the economic development of Hardee County in 1984; and,

Whereas the Hardee County Board of County Commissioners appointed 5 members in 1984, expanded to seven (7) members in 1996 and "*encouraged cooperation with industrial development agencies, Chambers of Commerce and other local, State and Federal agencies having responsibilities in the field of industrial development*"; (Hardee County Industrial Development Authority Resolution 96-31. September 5, 1996) and,

Whereas in 1996 the Hardee County Economic Development Council was established with Articles of Incorporation stating the following: "*The purpose for which the Corporation was organized is the orderly, progressive economic diversification of Hardee County which will ensure a superior quality of life through public and private activities*". (Vorbeck. August 12, 1996) and,

Whereas the 1999 session of the Florida Legislature passed and the Governor signed into law legislation supporting economic development in the rural areas of the State; and,

Whereas Hardee County, with its high rates of unemployment, poverty and teenage pregnancy with static population growth was designated as a **Rural Area of Critical Economic Concern (RACEC)** by the Governor of the State of Florida in 2001; and,

Whereas the Economic Development Element of the Hardee County Comprehensive Plan Goal "E1" states: "*Hardee County shall attract new employers and retain existing ones that add positively to the long term tax base of the County and provide higher wage job opportunities to County residents*"; (HCCP. October 2010) and,

Whereas Policy "E5.1" states: "*Hardee County shall require mining interests that participate in the annual mining review process to address these elements of economic development contained in the Policies of Objective E5. Additionally, prior to approval, modification or extension of any development order, permit or other County approval the applicant shall address the elements of economic development demonstrating how each mining*

operation and reclamation plan maximize and achieve economic development and diversity". (Hardee County Comprehensive Plan) and,

Whereas the Florida Legislature created the Hardee County Economic Development Authority in 2004 with nine (9) designated members as a body corporate, independent special district *"to solicit, rank and fund projects that provide economic development opportunities and infrastructure within the geographical boundaries of Hardee County"* inclusive of annual severance tax distributions from the mining of phosphate to fund such projects; (*Senate Bill 3110. June 23, 2004.*) and,

Whereas, the Mosaic Economic Development Terms Agreement was negotiated in 2008 to provide Economic Development funding to *accomplish goals and objectives set forth in Hardee County Comprehensive Plan and to control the funding of economic development as a contribution in recognition of the County's RACEC status and the Developer's desire to improve current and future growth of the County's economy;* (Mosaic Agreement Economic Development Terms. Page 12. August 2008.) and,

Whereas, the **Mosaic Economic Development Terms Agreement** provides for funding directly to the Hardee County Industrial Development Authority from Mosaic to demonstrate compliance with the above objectives and identifies *"funds may be used to create an economic development catalyst project such as an airport, commerce park, industrial park, alternative energy research center or health care complex, etc. to name a few examples";* (Mosaic Agreement Economic Development Terms. Page 16, August 2008) and,

Whereas, the Hardee County Industrial Development Authority has been sequentially fulfilling community wishes and goals developed in conjunction with FEMA in the months following Hurricane Charley and presented in the **"Federal Emergency Management Agency Long Term Recovery Plan"** including the development of *business incentives, the construction and development of the Hardee County Commerce Park, the conception and development of the Hardee Broadband System, inclusive of connection to the fiber backbone of the State (ILA/POP at Ona);* and,

Whereas, the Board of County Commissioners of Hardee County increased the membership of the IDA from seven (7) to nine (9) in 2008 to increase public involvement in the economic/industrial development process in Hardee County; and,

Whereas, the current draft **Visioning Plan** for Hardee County strongly supports the continuation of initiatives set forth in the **Long Term Recovery Plan** with an increased interest in the development of technology related opportunities; and,

Whereas, the State and Federal Government are strongly encouraging development of technology related/driven economies as a primary restructure of Florida's and America's economy; and,

Whereas, the Florida Chamber Foundation's Six Pillars framework identifies the critical factors determining Florida's future:

- Talent Supply & Education
- Innovation & Economic Development
- Infrastructure & Growth Leadership
- Business Climate & Competitiveness
- Civic & Governance Systems
- Quality of Life & Quality Places;

and, the Hardee County Industrial Development Authority recognizes and embraces these Six Pillars; and,

Whereas, the Comprehensive Economic Development Strategy 2012 put forth by the Central Florida Regional Planning Council through the United States Department of Commerce calls for diversification of the region's economy; (*Comprehensive Economic Development Strategy. 2012*)and,

Whereas, the Hardee County Industrial Authority recognizes the immense value of its technology infrastructure assets; and,

Whereas, the Hardee County Industrial Authority recognizes that capitalizing on existing technology infrastructure to establish a sustaining technology sector of the local economy is vital to creating meaningful economic growth; and,

Whereas, the Hardee County Industrial Development Authority, recognizing the prior investment in advancing the technology infrastructure facilitated the development of the Hardee Broadband system and continues to acknowledge the need to recruit technology companies to locate within Hardee County; and,

Whereas, the Hardee County Industrial Development Authority, recognizing the prior investment in advancing the technology infrastructure, acknowledged the need to recruit technology companies to locate within Hardee County; and,

Whereas, LifeSync Technologies made a proposal to the Industrial Development Authority on September 22, 2011 for the creation of a partnership for the development of the BlueWater application and the creation of a Technology Park/Center with an initial investment of approximately \$2.5 million and a three year cumulative investment of \$7.25 million; and,

Whereas, in October of 2011 the Hardee County Industrial Development Authority began funding a technology company, LifeSync Technologies, with anticipation of a Technology Park/Center incubated at the site of the old PRECO building subject to the separate approval of an appropriate Draw Schedule and authorizing the development of a health care records application offsite until a suitable site in Hardee County was obtained; and,

Whereas, the Hardee County Industrial Development Authority's unique revenue stream does not afford the option to fully fund the project in the first year, the motion made and approved was to fund the project with the amount of money remaining in the Hardee County Industrial Authority's Mosaic Agreement budget for the fiscal year; and,

Whereas, the Hardee County Industrial Development Authority, on October 15, 2011, voted to approve the Draw Schedule submitted by LifeSync Technologies for the first year of developing the BlueWater application and Technology Park/Center; (*Hardee County IDA Minutes. October 15, 2011*); and,

Whereas, LifeSync Technologies and the Hardee County Industrial Development Authority formalized the parties' agreement by way of a Performance Based Note, which obligates LifeSync Technologies to full repayment of the funds received in the event of its non-performance, provided the project is fully funded; and,

Whereas, the purchase of a suitable site for the residency of the LifeSync project was delayed until July of 2012 and such purchase subsequently delayed the fulfillment of deployment of the project in Hardee County; and,

Whereas, in September of 2012 the Hardee County Board of County Commissioners changed the membership of the IDA from nine (9) to "no less than nine, not to exceed thirteen (13)" to increase involvement from the public in the economic/industrial development process; (*Hardee County Industrial Development Authority Resolution 12-18. September 7, 2012*) and,

Whereas, The Hardee County Industrial Development Authority has fully performed its initial funding obligations pursuant to all previously approved agreements; and,

Whereas, the contract providing the funding provides for sale, name change and assumption of original company by others; and,

Whereas, the BlueWater assets have been purchased by Continuum Labs, Inc; and,

Whereas, Continuum Labs, Inc. has demonstrated success in the areas of building successful education programs in software/hardware technology and running professional/consulting services organizations; and,

Whereas, Continuum Labs, Inc. has already released two productions on the LifeDash platform, Dashes and BlueWater (now CareSync™); and,

Whereas, it is Continuum Labs' intent to create additional software applications using Hardee County residents in the areas of medical "concierge" services, Boy Scouts ranking and merit badge tracking (Project: Scoutware), online identity services and tracking (Project: Dossier), along with other Web-based and mobile applications within Hardee County; and,

Whereas, Continuum has demonstrated a competent capability to carry forward and expand the original intent of the company including the primary objective of a Technology Center/Park; and,

Whereas, the overwhelming preference of public and private opinion in accordance with the citizens of Hardee County is to expend economic development capital in such manners that will produce economic diversity and higher paying jobs; (*Sustainable Hardee: Visioning for the Future. Web, 2011*); and,

Whereas, the PRECO building has been purchased, retrofit commenced and funding appropriated for such purposes as the development of a Technology Park/Center in Hardee County to expand and diversify the economy according to previous public discourse; and,

Whereas, the appointment and establishment of the IDA, the EDC, The Florida Chamber Foundation Six Pillars, the Florida Legislature with the recognition and creation of RACEC status, the public input presented after Hurricane Charley with the Long Term Recovery Plan, continued dialogue with ensuing elected officials and the draft of the current "Visioning Plan" and USF tourism study recently created from academia and public discourse in Hardee County all indicate a concerted desire and intent to expand and diversify the Hardee County economy; and,

Whereas, the IDA has previously voted to prepare all the legal documents necessary for Continuum Labs to assume all of LifeSync Technologies responsibilities and performance note to allow Continuum Labs, Inc. to purchase BlueWater from LifeSync Technologies, LLC with assumption of performance obligation note; and,

Whereas IDA/EDC has commissioned the Hardee County Chamber of Commerce to investigate the appropriateness and validity of incentivized business prospects, including Continuum Labs, Inc.; and,

Whereas, the Assignor is LIFESYNC TECHNOLOGIES, LLC., a limited liability corporation duly organized and existing under the laws of the State of Florida located at 4805 West Laurel Street; Suite 200, Tampa, Florida 33607 and the Assignee is CONTINUUM LABS, INC., a corporation duly organized and existing under the laws of the State of Nevada and authorized to do business in the State of Florida with an address 2818 Cypress Ridge Blvd, Suite 150, Wesley Chapel, Florida 33544

Whereas, The Hardee County Industrial Development Authority, LifeSync Technologies, LLC, and Continuum Labs, Inc. hereto desire to enter into this Agreement to give effect to LifeSync Technologies, LLC assigning all of its right, title and interest in the funding commitments previously approved by the IDA (hereinafter referred to as the "IDA Grant Award") to Continuum Labs, Inc.; and

Attachment 3



Audit Review

I U

Reporting

R S

Review Sta

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Title

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Review

Delete

Year 2009 -
Entity D33210 - Hardee County Industrial Deve

Report Dated	<input type="text" value="122211"/>	Last Year Audit I
Delivered On	<input type="text" value="122811"/>	FYE
Hard Copy	<input type="text" value="011412"/>	Threshold
Electronic Copy	<input type="text" value="122911"/>	District Status
Notified On	<input type="text"/>	
Primary Gov	<input type="text"/>	

Entity Title Data

Auditor Business Name

LarsonAllen LLP (Lakeland)

Remarks

Janice

Janice Kirkland, Executive Secretary
Auditor General's Office
Local Government Audits/342
401 Claude Pepper Building
111 West Madison Street
Tallahassee, FL 32399-1450
850-487-9031

Sarah Pelham

From: FLAUDGEN_LOCALGOVT [FLAUDGEN_LOCALGOVT@AUD.STATE.FL.US]
Sent: Monday, January 09, 2012 3:35 PM
To: sarah.pelham@hardeemail.com
Subject: 2009 Hardee County IDA to Auditor General's Office



Audit Review

I U

Reporting

R S

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Title

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Review

Delete

Year	2010
Entity	D33210 - Hardee County Industrial Deve
Report Dated	122211
Delivered On	122811
Hard Copy	010412
Electronic Copy	122911
Notified On	
Primary Gov	

Last Year Audit I
FYE
Threshold
District Status

Entity Title Data

Auditor Business Name

LarsonAllen LLP (Lakeland)

Remarks

Janice

Janice Kirkland, Executive Secretary
Auditor General's Office
Local Government Audits/342
401 Claude Pepper Building
111 West Madison Street
Tallahassee, FL 32399-1450
850-487-9031

Sarah Pelham

From: FLAUDGEN_LOCALGOVT [FLAUDGEN_LOCALGOVT@AUD.STATE.FL.US]
Sent: Monday, January 09, 2012 3:36 PM
To: sarah.pelham@hardeemail.com
Subject: 2010 Hardee County IDA to Auditor General's Office

Sarah Pelham

From: Bill Lambert [bill.lambert@hardeemail.com]
Sent: Thursday, January 26, 2012 9:53 AM
To: Ken Evers
Cc: Lex Albritton (Hardee County Manager)
Subject: Re: Hardee County Industrial Development Authority

I felt good when the audit was "clean". Can I briefly feel good again?

Sent from my iPhone

On Jan 26, 2012, at 9:41 AM, "Ken Evers" <kevers@hardeelaw.com> wrote:

See below.

Kenneth B. Evers, of
Kenneth B. Evers, P.A.
P.O. Box 1308
424 W. Main Street
Wauchula, FL 33873
Tel: 863-773-5600
Fax:866-547-4362

From: Justin Young [mailto:Justin.Young@myfloridacfo.com]
Sent: Thursday, January 26, 2012 9:19 AM
To: Ken Evers
Cc: 'DAVID WARD'; White, Deborah; 'Gaskins, Jack'
Subject: RE: Hardee County Industrial Development Authority

Good morning Mr. Evers.

The Hardee County IDA is now compliant with the local government reporting requirements to the Department of Financial Services for the 2009 & 2010 fiscal years (AFR and audit have been received). Please note that the deadline for both 2011 reports has been changed since last Legislative session to June 30, 2012.

Have a great day – Justin

*Justin Young
Financial Administrator
Bureau of Local Government
Phone: (850) 413-5712
Fax: (850) 413-5548*

From: Gaskins, Jack [mailto:Jack.Gaskins@deo.myflorida.com]
Sent: Thursday, January 26, 2012 8:55 AM
To: Ken Evers
Cc: 'DAVID WARD'; Justin Young; White, Deborah
Subject: RE: Hardee County Industrial Development Authority

It looks like it to me but I always suggest contacting the Auditor General and Department of Financial Services directly to find out if they have everything they need from you. By copy of this email, I'm asking them to verify if they have what they need from Hardee County IDA. Thank you for your follow-up. Jack

From: Ken Evers [<mailto:kevers@hardeelaw.com>]
Sent: Thursday, January 26, 2012 7:55 AM
To: Gaskins, Jack
Subject: Hardee County Industrial Development Authority

Jack, I guess you know by now that the Hardee County IDA has filed both its audit reports and financial reports for fiscal years '08-'09 and '09-'10 recently. As far as you know, are we now in compliance with your group? I don't want anything left hanging incomplete.

Kenneth B. Evers, of
Kenneth B. Evers, P.A.
P.O. Box 1308
424 W. Main Street
Wauchula, FL 33873
Tel: 863-773-5600
Fax:866-547-4362

Sarah Pelham

From: Justin Young [Justin.Young@myfloridacfo.com]
Sent: Monday, January 09, 2012 3:24 PM
To: 'Sarah Pelham'
Cc: 'ANITA MARLOWE'
Subject: RE: 2010 Hardee County Industrial Development Authority Amended Financial Report

Good afternoon Sarah.

We don't need anything else with the amended report. I'm copying Anita Marlowe here with the Auditor General in case there's something their office may need.

Thanks and have a great afternoon – Justin

Justin Young
Financial Administrator
Bureau of Local Government
Phone: (850) 413-5712
Fax: (850) 413-5548

From: Sarah Pelham [<mailto:sarah.pelham@hardeemail.com>]
Sent: Monday, January 09, 2012 3:14 PM
To: localgov
Cc: 'Floyd, Trisha M.'; 'Bill Lambert'; rjustice@fnbwauchula.com
Subject: 2010 Hardee County Industrial Development Authority Amended Financial Report

Please note that the 2010 Financial Statement has been amended. The only changes made are reflected in the Management Discussion and Analysis section. There were no number changes to the audited financials. Is there anything else required of us to file the proper amended report?

Thank you,

Sarah Pelham

Sarah Pelham

Hardee County Economic Development
Economic Development Coordinator
(863) 773-3030 Work
(863) 773-4915 Fax Work
sarah.pelham@hardeemail.com
107 East Main Street
Wauchula, FL 33873
www.hardeebusiness.com



STATE OF FLORIDA

DEPARTMENT OF COMMUNITY AFFAIRS

"Dedicated to making Florida a better place to call home"

RICK SCOTT
Governor

BILLY BUZZETT
Secretary

March 10, 2011

Mr. Kenneth B. Evers
Kenneth B. Evers, P.A.
P.O. Box 1308
Wauchula, Florida 33873

RECEIVED

MAR 14 2011

Re: **Hardee County Industrial Development Authority
Need Declared by Hardee County Resolution No. 84-10 Pursuant to
Chapter 159, Part III, Florida Statutes**

Kenneth B. Evers, P.A.

Dear Mr. Evers:

Thank you for registering the above referenced special district with the Special District Information Program. Based on Section 189.403, *Florida Statutes*, I have classified the Authority's status as dependent because the Hardee County Board of County Commissioners appoints Authority's board.

All special districts must comply with the requirements of Chapter 189, *Florida Statutes* and Rule Chapter 9B-50, *Florida Administrative Code*. As part of these requirements, please verify and update the information on the enclosed **Special District Fee Invoice and Update Form**, sign and date it, and return it, along with the annual fee, to the address below by the due date on the form. It is very important that the information on this form be complete and accurate since we must make this information available through the *Official List of Special Districts Online* for use by state and local agencies. As an option, you may pay the fee with a Visa or MasterCard at www.FloridaSpecialDistricts.org/AnnualFee.

Department of Community Affairs
Finance and Accounting Office
2555 Shumard Oak Boulevard
Tallahassee, Florida 32399-2100

For more information about special districts, the annual special district fee, annual reporting requirements to the Department of Financial Services and the Auditor General, and other requirements, please visit the *Florida Special District Handbook Online* at www.FloridaSpecialDistricts.org. If you have any questions, please do not hesitate to call me directly at (850) 922-1457.

Sincerely,

Jack Gaskins Jr.
SPECIAL DISTRICT INFORMATION PROGRAM
FLORIDASPECIALDISTRICTS.ORG

Enc.: Special District Fee Invoice and Update Form

c.: Hardee County Clerk (w/o enclosure)

2555 SHUMARD OAK BOULEVARD □ TALLAHASSEE, FL 32399-2100
850-488-8466 (p) □ 850-921-0781 (f) □ Website: www.dca.state.fl.us

□ COMMUNITY PLANNING 850-488-2356 (p) 850-488-3309 (f) □ FLORIDA COMMUNITIES TRUST 850-922-2207 (p) 850-921-1747 (f) □
□ HOUSING AND COMMUNITY DEVELOPMENT 850-488-7956 (p) 850-922-5623 (f) □



Division of Community Development

Special District Information Program

Additional Information

[Skip program navigation](#) and go directly to main page content.

- [Special District Information Program - Overview](#)
- [Official List of Special Districts Online - Directory](#)
- Jack Gaskins
 - (850) 717-8430
 - [Email](#)

Official List of Special Districts Online

Customized Special District List

Resort the Order of the Special Districts in Your Report

Sort Alphabetically by Special District

Sort Alphabetically by the County

Sort by Independent / Dependent Status

Sort by Function

Sort by Creation Method

Detail Report (1 DISTRICT) - Report Created February 14, 2013

Hardee County Industrial Development Authority

Registered Agent's Name:

Mr. Kenneth B. Evers

Registered Office Address:	Kenneth B. Evers, P.A. P.O. Box 1308 Wauchula, Fl 33873
Telephone:	(863) 773-5600
Fax:	(866) 547-4362
E-Mail:	kevers@hardeelaw.com
Web Site:	www.hardeebusiness.com
Active or Inactive:	Active
Status:	Dependent
County(ies):	Hardee
Local Governing Authority:	Hardee County
Function(s):	Industrial Development
Date Created/Established:	February 9, 1984
Creation Documents:	County Resolutions 84-10, 96-31, and 08-31
Statutory Authority:	Chapter 159, Part III, Florida Statutes
Board Selection:	Local Governing Authority Appoints
Authority to Issue Bonds:	Yes
Revenue Source:	Sales/Leases
Most Recent Update:	January 4, 2013
Creation Method:	General Law

1 District


[Department of Economic Opportunity](#)
107 East Madison Street
Caldwell Building
Tallahassee, Florida 32399-4120

Telephone: (850) 245-7105

Documents provided by Hardee County

Dubose, Kathy


From: Bill Lambert <delivery@yousendit.com>
Sent: Friday, February 15, 2013 12:31 PM
To: Dubose, Kathy
Subject: Attachment 5 - Support Letters for Hardee County Economic Development







Files have been sent to you

from bill.lambert@hardeemail.com via [YouSendIt](#).

Please find attached support letters.

4 files were sent to you. 

-  [Current and Former Elected Officials.pdf](#)
-  [Current Appointed and Volunteer Citizens.pdf](#)
-  [Business Owners.pdf](#)
-  [Concerned Citizens.pdf](#)

Size: **40.85 MB** Files will be available for download until **March 01, 2013 09:30 PST**.

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[Privacy](#) | [Terms](#)

Sarah Pelham

From: Gaskins, Jack [Jack.Gaskins@deo.myflorida.com]
Sent: Monday, January 09, 2012 2:59 PM
To: Sarah Pelham
Subject: RE: Hardee County Industrial Development Authority

You do not need to file financial statements with us. Are you taking about the Annual Financial Report? If so, you would need to check with the Department of Financial Services to find out if they have what they need from the Authority (call 850-413-5571). If you're talking about the Annual Financial Audit Report, you would need to check with the Auditor General (850-488-0960).

The documents you file with us are registered agent and office info / updates, creation documents as amended, boundary maps as amended, and the annual fee (which we received).

From: Sarah Pelham [<mailto:sarah.pelham@hardeemail.com>]
Sent: Monday, January 09, 2012 2:52 PM
To: Gaskins, Jack
Subject: Hardee County Industrial Development Authority

Mr. Gaskins,

I am just following up with you and your office to make sure that you received our 2009 and 2010 Financial Statements and other pertinent information. Can you confirm with me that you have received everything you need from us?

Thank you,


Sarah Pelham

Sarah Pelham

Hardee County Economic Development
Economic Development Coordinator
(863) 773-3030 Work
(863) 773-4915 Fax Work
sarah.pelham@hardeemail.com
107 East Main Street
Wauchula, FL 33873
www.hardeebusiness.com

Dubose, Kathy


From: Bill Lambert <delivery@yousendit.com>
Sent: Friday, February 15, 2013 12:31 PM
To: Dubose, Kathy
Subject: Attachment 5 - Support Letters for Hardee County Economic Development







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from bill.lambert@hardeemail.com via [YouSendIt](#).

Please find attached support letters.

4 files were sent to you. 

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Size: **40.85 MB** Files will be available for download until **March 01, 2013 09:30 PST**.

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[Privacy](#) | [Terms](#)



February 15, 2013

Joint Legislative Auditing Committee
111 West Madison Avenue
976 Pepper Boulevard
Tallahassee, Florida 32399-1400

Attn: Representative Lake Ray, Chairman
Senator Joseph Abruzzo, Chairman

Dear Sirs,

Hardee County is a community rich in our agricultural heritage. We are proud of how far we have come since our humble beginnings; however, the need for further economic growth has become apparent in most recent years. Hardee County faces many challenges that other rural communities face such as teen pregnancy, unemployment, poverty, crime and threats to our current economic drivers. Our community has also been identified as a "rural area of economic concern" pursuant to Section 288.0656, F.S. Because of such Hardee County's future is reliant on diversifying our economy.

The Hardee county Economic Development Authority (EDA), the Hardee County Industrial Development Authority (IDA) and its managing sister entity, the Hardee County Economic Development Council (EDC), work feverishly to diversify the economy for current and future generations. Given direction by State Statutes, the IDA/EDC and EDA serve as stewards of the funding directed at the goal of creating economic diversity and expansion of opportunity for Hardee County citizens.

This letter is in support of economic development in Hardee County. We are in need of good, clean growth in our County for future rewarding careers for the generations to come.

Sincerely,

A handwritten signature in black ink, appearing to read "Arnold Lanier".

Arnold Lanier, Sheriff
Hardee County, Florida

February 13, 2013

Joint Legislative Auditing Committee
Attention: Representative Lake Ray, Chairman
 Senator Joseph Abruzzo, Chairman
111 West Madison Street
976 Pepper Boulevard
Tallahassee, Florida 32399-1400
Re: Hardee County Economic Development

Dear Representative Ray and Senator Abruzzo:

Hardee County is a community rich in our agricultural heritage. We are proud of how far we have come since our humble beginnings; however, the need for further economic growth has become apparent in most recent years. Hardee County faces many challenges that other rural communities face such as teen pregnancy, unemployment, poverty and threats to our current economic drivers. Our community has also been identified as a "rural area of economic concern" pursuant to Section 288.0656, F.S. Because of such, Hardee County's future is reliant on diversifying our economy.

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I support economic development in Hardee County as well as the actions and philosophies of the Economic Development Authority, the Industrial Development Authority, and the Economic Development Council. With the Mosaic Agreement and progressive thinking, our community will be able to mitigate a struggling economy and facilitate diversified, rewarding careers.

Sincerely,

Colem Lambert

Hardee County Commissioner District 1

February 13, 2013

Joint Legislative Auditing Committee
Attention: Representative Lake Ray, Chairman
 Senator Joseph Abruzzo, Chairman
111 West Madison Street
976 Pepper Boulevard
Tallahassee, Florida 32399-1400
Re: Hardee County Economic Development

Dear Representative Ray and Senator Abruzzo:

Hardee County is a community rich in our agricultural heritage. We are proud of how far we have come since our humble beginnings; however, the need for further economic growth has become apparent in most recent years. Hardee County faces many challenges that other rural communities face such as teen pregnancy, unemployment, poverty and threats to our current economic drivers. Our community has also been identified as a "rural area of economic concern" pursuant to Section 288.0656, F.S. Because of such, Hardee County's future is reliant on diversifying our economy.

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Sincerely,

Frederick M. Knight - Hardee Co-Commissioner

February 13, 2013

Joint Legislative Auditing Committee
Attention: Representative Lake Ray, Chairman
 Senator Joseph Abruzzo, Chairman
111 West Madison Street
976 Pepper Boulevard
Tallahassee, Florida 32399-1400
Re: Hardee County Economic Development

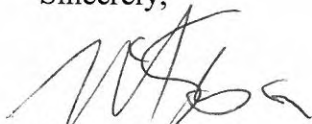
Dear Representative Ray and Senator Abruzzo:

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I support economic development in Hardee County as well as the general philosophies of the Economic Development Authority, the Industrial Development Authority, and the Economic Development Council. With the Mosaic Agreement and progressive thinking, our community will be able to mitigate a struggling economy and facilitate diversified, rewarding careers.

Sincerely,



Mike Thompson
Current Hardee County District 5 Commissioner
Executive Board Member of Heartland Workforce
Former Chairman of the Hardee County Planning and Zoning Board

February 13, 2013

Joint Legislative Auditing Committee
Attention: Representative Lake Ray, Chairman
 Senator Joseph Abruzzo, Chairman
111 West Madison Street
976 Pepper Boulevard
Tallahassee, Florida 32399-1400
Re: Hardee County Economic Development

Dear Representative Ray and Senator Abruzzo:

Hardee County is a community rich in our agricultural heritage. We are proud of how far we have come since our humble beginnings; however, the need for further economic growth has become apparent in most recent years. Hardee County faces many challenges that other rural communities face such as teen pregnancy, unemployment, poverty and threats to our current economic drivers. Our community has also been identified as a "rural area of economic concern" pursuant to Section 288.0656, F.S. Because of such, Hardee County's future is reliant on diversifying our economy.

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I support economic development in Hardee County as well as the actions and philosophies of the Economic Development Authority, the Industrial Development Authority, and the Economic Development Council. With the Mosaic Agreement and progressive thinking, our community will be able to mitigate a struggling economy and facilitate diversified, rewarding careers.

Sincerely,

Sue Biige
Chairwoman - Hardee County Commission

February 13, 2013

Joint Legislative Auditing Committee
Attention: Representative Lake Ray, Chairman
 Senator Joseph Abruzzo, Chairman
111 West Madison Street
976 Pepper Boulevard
Tallahassee, Florida 32399-1400
Re: Hardee County Economic Development

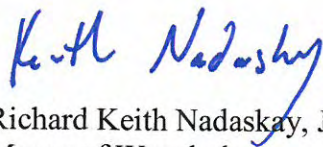
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Sincerely,



Richard Keith Nadaskay, Jr.
Mayor of Wauchula
Chamber of Commerce Board Member
Main Street Wauchula Board Member

February 13, 2013

Joint Legislative Auditing Committee
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 Senator Joseph Abruzzo, Chairman
111 West Madison Street
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Tallahassee, Florida 32399-1400
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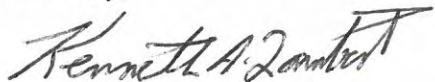
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Sincerely,



Kenneth A. Lambert
Current City Commissioner, Wauchula Fl.
Current Member District Board of Trustees,
South Florida State College
Former Mayor, City of Wauchula

February 13, 2013

Joint Legislative Auditing Committee
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111 West Madison Street
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Sincerely,



Paul Samuels
Chairman, Hardee County School Board

February 13, 2013

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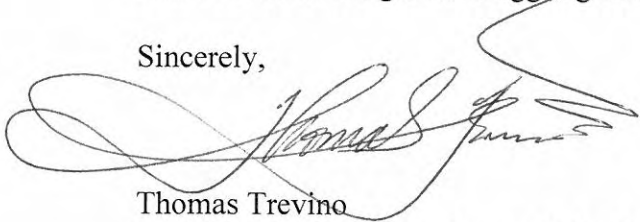
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Sincerely,



Thomas Trevino
Vice-Chairman Hardee County School Board
Hardee County Chamber of Commerce Board Member
Kiwanis of Wauchula Board Member
Mosaic Hardee CAP Board Member
City of Wauchula Planning & Zoning Board Member

THE SCHOOL BOARD OF HARDEE COUNTY

P.O. BOX 1678
WAUCHULA, FLORIDA 33873

ADMINISTRATIVE OFFICES
1009 NORTH 6TH AVENUE
WAUCHULA, FLORIDA 33873

BOARD MEMBERS
Mildred Smith
Paul Samuels
Janice Platt
Teresa Crawford
Thomas Trevino

David D. Durastanti, Superintendent of Schools
Woody Caligan, Deputy Superintendent

(863) 773-9058
Fax (863) 773-0069

February 13, 2013

Joint Legislative Auditing Committee
Attention: Representative Lake Ray, Chairman
Senator Joseph Abruzzo, Chairman
111 West Madison Street
976 Pepper Boulevard
Tallahassee, Florida 32399-1400
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Sincerely,



David D. Durastanti
Superintendent of Schools

THE SCHOOL BOARD OF HARDEE COUNTY

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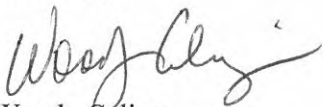
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Sincerely,



Woody Caligan
Deputy Superintendent of Schools

February 14, 2013

Joint Legislative Auditing Committee
Attention: Representative Lake Ray, Chairman
 Senator Joseph Abruzzo, Chairman
111 West Madison Street
976 Pepper Boulevard
Tallahassee, FL 32399-1400

Re: Hardee County Economic Development

Dear Representative Ray and Senator Abruzzo:

Hardee County is a rural community with an agricultural heritage which sets it apart from most of the counties in the state of Florida. Like many other rural communities, our tax base is minimal and we struggle with economic growth. We are also faced with social challenges such as high teen pregnancy rates, unemployment, and poverty. Our legislators have acknowledged the struggles that small, rural counties face by passing legislation which designates our county as a *"rural area of critical economic concern"* (FS 288.0656.).

For many years our county has taken a proactive stance on diversifying our economy to provide better opportunities for the people of our community. The Hardee County Economic Development Authority (EDA), and the Hardee County Industrial Development Authority/Economic Development Council are groups made up of community leaders with the goal of diversifying our economy for current and future generations.

I am very supportive of economic development in Hardee County and believe that we have a unique opportunity with the Mosaic Agreement to increase our tax base and to provide greater opportunities for economic growth. We enlist your support as we work together for the benefit of the citizens of Hardee County.

Sincerely,



Kathy L Crawford, CFA
Property Appraiser
Hardee County

February 13, 2013

Joint Legislative Auditing Committee
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Sincerely,



Hardee Campus Director - South Florida State College
School Board District # 3
Hardee County Chamber of Commerce Director
Hardee County Fair Board Director & Secretary

February 13, 2013

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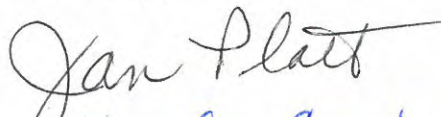
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Sincerely,


Hardee County School Board Member
Business Owner



February 13, 2013

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Sincerely,



Benny W. Albritton
Past Chairman and former Commissioner of Hardee County
Board of County Commissioners - 16 years

February 13, 2013

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Sincerely,

D. C. N. Tammen, former county commissioner 1998-2010

February 13, 2013

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Former Chair County Commissioner

February 13, 2013

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Sincerely,

Frank Gills
Former Assistant Superintendent of Schools





Jeffery Ussery
Supervisor of Elections
Hardee County

February 15, 2013
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Sincerely,

A handwritten signature in black ink that reads "Jeffery Ussery".

Jeffery Ussery
Supervisor of Elections
Hardee County

YOUR VOTE COUNTS!

HEARTLAND WORKFORCE

Roger A. Hood
President/CEO

February 15, 2013

Joint Legislative Auditing Committee
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 Senator Joseph Abruzzo, Chairman
111 West Madison Street
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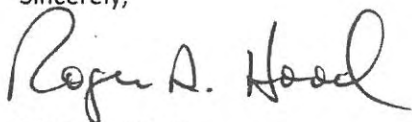
Dear Representative Ray and Senator Abruzzo:

Hardee County and the Heartland Region is an area rich in agricultural heritage. We are proud of how far we have come in the last several years; however, the need for further economic growth is apparent. This region, inclusive of Hardee County, faces many challenges that other rural communities face such as teen pregnancy, lack of adequate public transportation, unemployment, poverty and threats to our current economic drivers. The Heartland Region has also been identified as part of a six-county "rural area of critical economic concern" pursuant to Section 288.0656, F.S. Because of such, if we are to realize improvements to the quality of life for our region's residents, it is imperative that we diversify our economy.

As do all economic development organizations within the region, the Hardee County Economic Development Authority (EDA), the Hardee County Industrial Development Authority (IDA) and its managing sister entity, the Hardee County Economic Development Council (EDC), work feverishly in an effort to help diversify the local economy for current and future generations. On behalf of the residents of Hardee County and given direction by State Statutes, the IDA/EDC and EDA have an obligation to serve as good stewards of the funding directed toward the goal of creating economic diversity and expansion of opportunity for Hardee County citizens.

I wholeheartedly support the collaboration and strategic alliance of workforce and economic development throughout the Heartland Region. In addition, I support the actions taken by the Hardee County EDA, IDA and EDC towards improving factors that influence a positive Business Climate and help to improve the quality of life for all residents. With continuation of the Mosaic Agreement, progressive thinking, and the application of due diligence, our community will be able to mitigate a struggling economy and facilitate diversified, rewarding careers.

Sincerely,



Roger A. Hood
President/CEO

An Equal Opportunity Employer / Program

5901 US Hwy 27 South, Suite 1 • Sebring, Florida 33870-2117
(863) 385-3672 • Fax (863) 382-9067
www.hwib.org





Mosaic Fertilizer, LLC
414 West Main Street
Wauchula, FL 33873
diana.youmans@mosaicco.com
www.mosaicco.com

Tel (863) 773-4064
Fax (863) 767-5379

February 13, 2013

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Sincerely,

Diana Youmans
Manager, Community Relations

EDC/IDA Board Member

February 13, 2013

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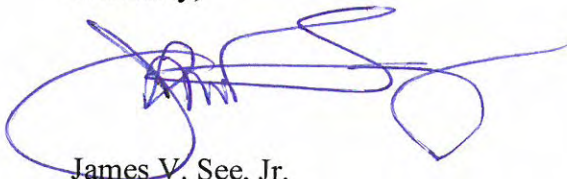
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Sincerely,



James V. See, Jr.
Chairman, Hardee County Industrial Development Authority
President, Jim See Realty, Inc.
Past Chairman and Present Member of Hardee County Athletic Foundation

February 13, 2013

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I support economic development in Hardee County as well as the actions and philosophies of the Economic Development Authority, the Industrial Development Authority, and the Economic Development Council. With the Mosaic Agreement and progressive thinking, our community will be able to mitigate a struggling economy and facilitate diversified, rewarding careers.

Sincerely,



Digitally signed by Paul Roberts
DN: cn=Paul Roberts, ou=Pepper River
Electric Coop, ou=Technical Services,
email=paul.roberts@prccoe.org, c=US
Date: 2013.02.14 16:17:58 -0500

Paul Roberts
Hardee County Citizen
2315 Steve Roberts Special
Zolfo Springs, FL 33890

EDC/IOA Board Member

February 13, 2013

Joint Legislative Auditing Committee
Attention: Representative Lake Ray, Chairman
 Senator Joseph Abruzzo, Chairman
111 West Madison Street
976 Pepper Boulevard
Tallahassee, Florida 32399-1400
Re: Hardee County Economic Development

Dear Representative Ray and Senator Abruzzo:

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Sincerely,

Vanessa Hernandez
Hardee County IDA Board Member

February 13, 2013

Joint Legislative Auditing Committee
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 Senator Joseph Abruzzo, Chairman
111 West Madison Street
976 Pepper Boulevard
Tallahassee, Florida 32399-1400
Re: Hardee County Economic Development

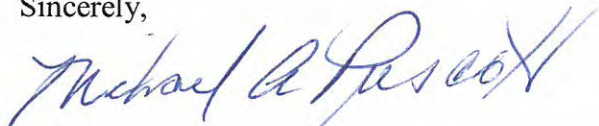
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Sincerely,



Hardee County IDA Board Member

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111 West Madison Street
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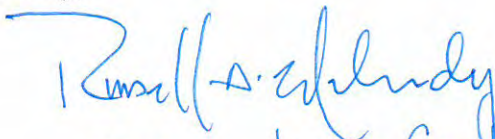
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Sincerely,



MEMBER HARDEE COUNTY IDA

MEMBER HARDEE ATHLETIC FOUNDATION

OWNER COKE FUEL INC. - 4TH GENERATION IN HARDEE COUNTY

CELL → 863-381-2318

February 13, 2013

Joint Legislative Auditing Committee
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 Senator Joseph Abruzzo, Chairman
111 West Madison Street
976 Pepper Boulevard
Tallahassee, Florida 32399-1400
Re: Hardee County Economic Development

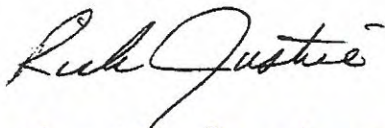
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Sincerely,



Hardee County IDA Board member



February 13, 2013

Joint Legislative Auditing Committee
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 Senator Joseph Abruzzo, Chairman
111 West Madison Street
976 Pepper Boulevard
Tallahassee, Florida 32399-1400
Re: Hardee County Economic Development


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Sincerely,



Current EDA member

February 13, 2013

Joint Legislative Auditing Committee
Attention: Representative Lake Ray, Chairman
 Senator Joseph Abruzzo, Chairman
111 West Madison Street
976 Pepper Boulevard
Tallahassee, Florida 32399-1400
Re: Hardee County Economic Development

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I support economic development in Hardee County as well as the actions and philosophies of the Economic Development Authority, the Industrial Development Authority, and the Economic Development Council. With the Mosaic Agreement and progressive thinking, our community will be able to mitigate a struggling economy and facilitate diversified, rewarding careers.

Sincerely,

Stanley L. Pelham
Member of Hardee County
Economic Development Authority

DAVID B ROYAL
P.O. BOX 1800
WAUCHULA FL. 33873
863-781-3490

February 14, 2013

Joint Legislative Auditing Committee
Attention: Representative Lake Ray, Chairman
 Senator Joseph Abruzzo, Chairman
111 West Madison Street
976 Pepper Boulevard
Tallahassee, Florida 32399-1400
Re: Hardee County Economic Development

Dear Representative Ray and Senator Abruzzo:

I am writing this to show support of the EDC Director, the EDA, the EDC and the IDA Boards in Hardee County. These are volunteer boards, and are truly working very hard to make a difference in our community and most of all provide career opportunities for our youth of our community if they so choose to live here and also to provide better opportunities for others that are living here.

Where else in the state, especially in a rural hardship county has an Industrial Park been completely built out in a down economy? In my eyes every project that the EDA and the EDC / IDA have invested in has been a success story. Are they the number of jobs that we expected – no, but the whole country is in a down economy and you have to start somewhere and grow. We now have more opportunities and more jobs with expansion to grow – so we have started to move our community forward.

The leadership, efforts and vision of the EDC Director need to be commended for all that he has worked on to make a difference in our community, to provide new opportunities and to make it better. These boards spend long hours in research, studying and in meetings, all at no cost because they want to make a difference.

What has now taken place for some time now, is the EDC Director, the EDA Board, the EDC / IDA Board and the County Manager spend too much time having to defend themselves over and over and over, instead of focusing 100% on economic growth and opportunities. But they continue to do their job because they CARE.....

I can tell you first hand, my oldest will be graduating from college this coming year and there are not any jobs for him to come back too. This is sad, because Hardee County is a great place to raise your family. The opportunities are slowly coming and new doors are being open all the time. Not every opportunity will be a success, but you have to take chances to grow.

I challenge you to come and visit firsthand what has taken place in our community and I assure you – you will be impressed with what you see in one of the poorest counties in the state that has always been rural with very few opportunities. It's because there are people that have a big HEART and they want a better future.

Hardee County is a community rich in our agricultural heritage. We are proud of how far we have come since our humble beginnings; however, the need for further economic growth has become apparent in most recent years. Hardee County faces many challenges that other rural communities face such as teen pregnancy, unemployment, poverty and threats to our current economic drivers. Our community has also been identified as a “rural area of economic concern” pursuant to Section 288.0656, F.S. Because of such, Hardee County's future is reliant on diversifying our economy.

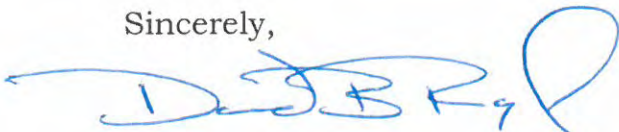
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I not only support, but stand beside and appreciate the economic development in Hardee County as well as the actions and philosophies of the Economic Development Authority, the Industrial Development Authority, and the Economic Development Council. With the Mosaic Agreement and progressive thinking, our community will be able to mitigate a struggling economy and facilitate diversified, rewarding careers.

I pray for our county and those that work so hard to make a difference daily.

God Bless

Sincerely,



David B Royal
Past City of Wauchula Mayor and Commissioner
President of Hardee County Farm Bureau
Chairman of the EDA Board
Community Supporter & Worker
Chose to live in Hardee & raise my family here

February 13, 2013

Joint Legislative Auditing Committee
Attention: Representative Lake Ray, Chairman
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111 West Madison Street
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Sincerely,

Shawna Lambert
Board Member
Hardee County Planning and Zoning Dept.

February 13, 2013

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Sincerely,

*Janice Knight,
Chairperson of City of Wauchula
Planning and Zoning Board*

February 13, 2013

Joint Legislative Auditing Committee
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111 West Madison Street
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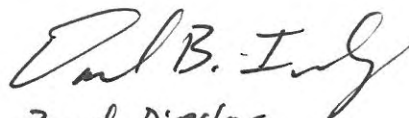
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Board Director

Hardee County Chamber of Commerce

February 13, 2013

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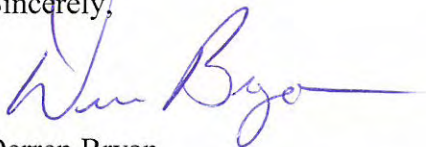
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Sincerely,



Derren Bryan
Director, Hardee County Chamber of Commerce
Director, South Florida State College Board of Trustees
Director, Heartland Workforce – Chairman, Business Enhancement Committee
Director, Health Start Coalition of Hardee, Highlands and Polk Counties

February 13, 2013

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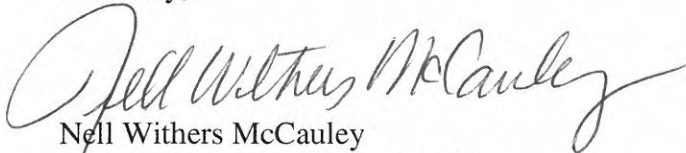
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Sincerely,



Nell Withers McCauley
Hardee County Chamber President
Chief Marketing & Member Services Officer
Peace River Electric Cooperative

February 13, 2013

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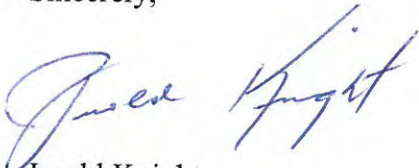
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Sincerely,



Jerold Knight
Executive Director, Peace River Explorations
President, Hardee County Education Foundation

February 13, 2013

Joint Legislative Auditing Committee
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 Senator Joseph Abruzzo, Chairman
111 West Madison Street
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Sincerely,



Calvin Bates
Board of Directors, President
Main Street Wauchula

February 13, 2013

Joint Legislative Auditing Committee
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 Senator Joseph Abruzzo, Chairman
111 West Madison Street
976 Pepper Boulevard
Tallahassee, Florida 32399-1400
Re: Hardee County Economic Development

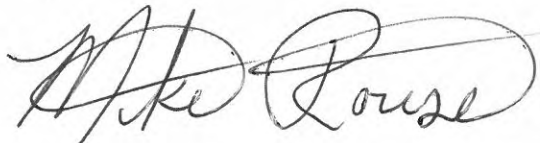
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Sincerely,


Mike Louse
Main Street Director

2-14-13

MORRELL • WATSON • SOUTHWELL & MANK
ATTORNEYS AT LAW
LAKELAND • WAUCHULA

WAUCHULA OFFICE:
P.O. BOX 1748
502 W. MAIN STREET
WAUCHULA, FL 33873
T 863.773.4449
F 863.773.0223

February 13, 2013

WWW.MORRELLPA.COM

Joint Legislative Auditing Committee
Attention: Representative Lake Ray, Chairman
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111 West Madison Street
976 Pepper Boulevard
Tallahassee, Florida 32399-1400
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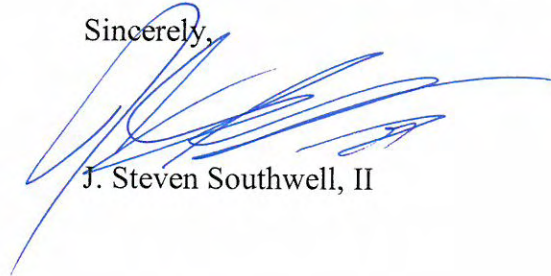
As a Hardee County resident and parent I am proud of our area's rural heritage and thankful for the opportunities it affords. However, the historic economic driver for our county are changing and the opportunities that existed for generation before me weren't there for me and the ones here for me will not be available for my children without diversification of our local economy. We face many challenges that other rural communities face such as teen pregnancy, unemployment, poverty and the stresses these issues place on our educational and social service institutions. Hardee County has been identified as a "rural area of economic concern" pursuant to Section 288.0656, F.S. It is as imperative as ever that we find ways to not only grow but diversify the local economy in ways that are appropriate for our community.

Fortunately, we are not without tools, resources and the commitment of many groups and individuals to do the hard work of economic development. The Hardee County Economic Development Authority (EDA), the Hardee County Industrial Development Authority (IDA) and its managing sister entity, the Hardee County Economic Development Council (EDC), work feverishly to diversify the economy for current and future generations. Through direction by state statutes, as well as accountability to the local stakeholders, the IDA/EDC and EDA serve as stewards of the funding directed at the goal of creating economic diversity and expansion of opportunity for Hardee County citizens. There is no one-size-fits-all for economic development Hardee County is lucky to have forward thinking individuals that recognize this and been proactive and securing opportunities that have a chance to work here.

I support the direction and philosophies of the Economic Development Authority, the Industrial Development Authority, and the Economic Development Council. The work of these boards is crucial to securing an economic future that provides robust opportunities not only for me and my

contemporaries but more importantly for our children. I appreciate the direction your committee may provide in strengthening the base from which this important work is done and I look forward to reviewing recommendations on how to improve upon the efforts underway.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. Steven Southwell, II". The signature is fluid and cursive, with a large initial "J" and "S".

J. Steven Southwell, II



Kimley-Horn
and Associates, Inc.

February 13, 2013

Joint Legislative Auditing Committee
Attention: Representative Lake Ray, Chairman
Senator Joseph Abruzzo, Chairman
111 West Madison Street
976 Pepper Boulevard
Tallahassee, Florida 32399-1400

3675 Innovation Drive
Lakeland, Florida
33812

Re: Hardee County Economic Development

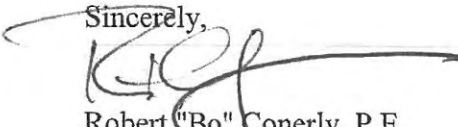
Dear Representative Ray and Senator Abruzzo:

Hardee County is a community rich in our agricultural heritage. We are proud of how far we have come since our humble beginnings; however, the need for further economic growth has become apparent in most recent years. Hardee County faces many challenges that other rural communities face such as teen pregnancy, unemployment, poverty and threats to our current economic drivers. Our community has also been identified as a "rural area of critical economic concern" pursuant to Section 288.0656, F.S. Because of such, Hardee County's future is reliant on diversifying our economy.

The Hardee County Economic Development Authority (EDA), the Hardee County Industrial Development Authority (IDA) and its managing sister entity, the Hardee County Economic Development Council (EDC), work feverishly toward the challenging pursuit of diversifying the economy of Hardee County for current and future generations through the use of limited available resources. As such, the IDA/EDC and EDA serve as stewards of certain economic development resources in Hardee County including the use of funding for the purpose of creating economic diversity and expansion of opportunity for Hardee County citizens as directed by State Statutes.

I support economic development in Hardee County as well as the philosophies and goals of the Economic Development Authority, the Industrial Development Authority, and the Economic Development Council. With the funding available through the Mosaic Agreement along with progressive thinking, unwavering leadership, and a passion for both the future and the tradition of Hardee County, it is our hope that Hardee County will mitigate a struggling economy with new opportunities for business and a high quality of life for current and future generations of Hardee County families.

Sincerely,



Robert "Bo" Conerly, P.E.
Associate, Kimley-Horn and Associates, Inc.
Secretary, Hardee County Chamber of Commerce Board of Directors

TEL 863 701 8702
FAX 863 701 9832

February 13, 2013

Joint Legislative Auditing Committee
Attention: Representative Lake Ray, Chairman
 Senator Joseph Abruzzo, Chairman
111 West Madison Street
976 Pepper Boulevard
Tallahassee, Florida 32399-1400
Re: Hardee County Economic Development

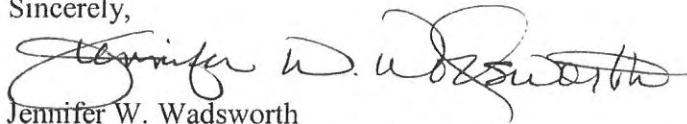
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Sincerely,



Jennifer W. Wadsworth
Main Street Wauchula Board Member

February 13, 2013

Joint Legislative Auditing Committee
Attention: Representative Lake Ray, Chairman
 Senator Joseph Abruzzo, Chairman
111 West Madison Street
976 Pepper Boulevard
Tallahassee, Florida 32399-1400
Re: Hardee County Economic Development

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Sincerely,

Bryan Pelham



Business Specialist - Continuum Labs, Inc
Main St Wanchula Board Member
Hardee Education Foundation Board Member

February 13, 2013

Joint Legislative Auditing Committee
Attention: Representative Lake Ray, Chairman
 Senator Joseph Abruzzo, Chairman
111 West Madison Street
976 Pepper Boulevard
Tallahassee, Florida 32399-1400
Re: Hardee County Economic Development

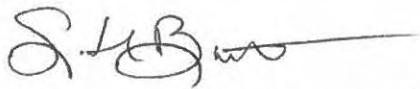
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Sincerely,



Samantha Burnett
Main Street Warehouse Board Member



February 13, 2013

Joint Legislative Auditing Committee
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 Senator Joseph Abruzzo, Chairman
111 West Madison Street
976 Pepper Boulevard
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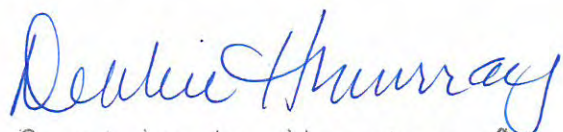
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Sincerely,



President, Hardee County Lions Club

February 13, 2013

Joint Legislative Auditing Committee
Attention: Representative Lake Ray, Chairman
 Senator Joseph Abruzzo, Chairman
111 West Madison Street
976 Pepper Boulevard
Tallahassee, Florida 32399-1400
Re: Hardee County Economic Development

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Sincerely,



Concerned Citizen
Vice President, Hardee County Lions Club

February 13, 2013

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111 West Madison Street
976 Pepper Boulevard
Tallahassee, Florida 32399-1400
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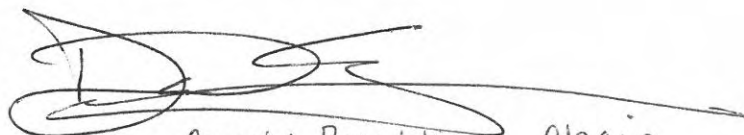
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Sincerely,



Hardee County Republican Chair

David Singletary

State Farm Insurance Agent
305 North 6th Avenue
Wauchula, FL 33873

February 13, 2013

Joint Legislative Auditing Committee
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111 West Madison Street
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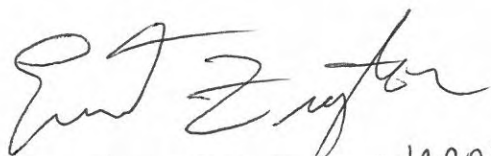
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Sincerely,


CHAIRMAN, HARDEE DEC. 2-14-13

February 13, 2013

Joint Legislative Auditing Committee
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111 West Madison Street
976 Pepper Boulevard
Tallahassee, Florida 32399-1400
Re: Hardee County Economic Development

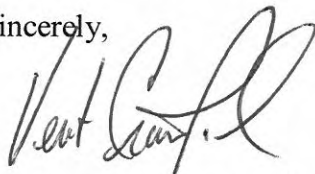
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Sincerely,



Hardee County Fair, Inc.

February 13, 2013

Joint Legislative Auditing Committee
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 Senator Joseph Abruzzo, Chairman
111 West Madison Street
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Sincerely,

Sarah Pelham
Peace River Explorations
Board Member



DIEGO FALLON, M.D.
Internal Medicine / Geriatrics
Board Certified in Internal Medicine
Board Certified in Geriatric Medicine

117 West Bay Street
Wauchula, Florida 33873

Telephone: (863) 773-4700
Fax: (863) 773-2916

February 13, 2013

Joint Legislative Auditing Committee
Attention: Representative Lake Ray, Chairman
 Senator Joseph Abruzzo, Chairman
111 West Madison Street
976 Pepper Boulevard
Tallahassee, Florida 32399-1400
Re: Hardee County Economic Development

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Sincerely,

D. Fallon, M.D.

February 13, 2013

Joint Legislative Auditing Committee
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Tallahassee, Florida 32399-1400
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Sincerely,

Michelle Jurman

Business Person

February 13, 2013

Joint Legislative Auditing Committee
Attention: Representative Lake Ray, Chairman
 Senator Joseph Abruzzo, Chairman
111 West Madison Street
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Tallahassee, Florida 32399-1400
Re: Hardee County Economic Development

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Sincerely,

Dustin Jurman

Dustin Jurman
CEO
Rapid Systems Corporation
1155 US Highway 17 North
Wauchula, FL 33873

February 13, 2013

Joint Legislative Auditing Committee
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 Senator Joseph Abruzzo, Chairman
111 West Madison Street
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Sincerely,

Patricia Rouse
Business Owner, Shops On The Corner
130 West Main Street
Wauchula, FL 33873
863-773-4460

February 13, 2013

Joint Legislative Auditing Committee
Attention: Representative Lake Ray, Chairman
 Senator Joseph Abruzzo, Chairman
111 West Madison Street
976 Pepper Boulevard
Tallahassee, Florida 32399-1400
Re: Hardee County Economic Development

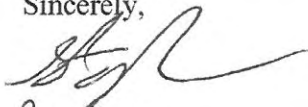
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Sincerely,



President

Johnson Harvesting, Inc.

Director
Chamber of Commerce

MORRELL • WATSON • SOUTHWELL & MANK

ATTORNEYS AT LAW

LAKELAND • WAUCHULA

WAUCHULA OFFICE:

P.O. Box 1748

502 W. MAIN STREET

WAUCHULA, FL 33873

T 863.773.4449

F 863.773.0223

February 13, 2013

WWW.MORRELLPA.COM

Joint Legislative Auditing Committee
Attention: Representative Lake Ray, Chairman
Senator Joseph Abruzzo, Chairman
111 West Madison Street
976 Pepper Boulevard
Tallahassee, Florida 32399-1400
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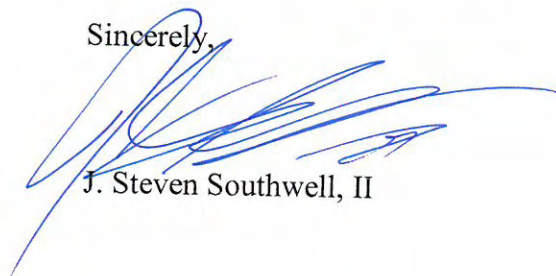
As a Hardee County resident and parent I am proud of our area's rural heritage and thankful for the opportunities it affords. However, the historic economic driver for our county are changing and the opportunities that existed for generation before me weren't there for me and the ones here for me will not be available for my children without diversification of our local economy. We face many challenges that other rural communities face such as teen pregnancy, unemployment, poverty and the stresses these issues place on our educational and social service institutions. Hardee County has been identified as a "rural area of economic concern" pursuant to Section 288.0656, F.S. It is as imperative as ever that we find ways to not only grow but diversify the local economy in ways that are appropriate for our community.

Fortunately, we are not without tools, resources and the commitment of many groups and individuals to do the hard work of economic development. The Hardee County Economic Development Authority (EDA), the Hardee County Industrial Development Authority (IDA) and its managing sister entity, the Hardee County Economic Development Council (EDC), work feverishly to diversify the economy for current and future generations. Through direction by state statutes, as well as accountability to the local stakeholders, the IDA/EDC and EDA serve as stewards of the funding directed at the goal of creating economic diversity and expansion of opportunity for Hardee County citizens. There is no one-size-fits-all for economic development Hardee County is lucky to have forward thinking individuals that recognize this and been proactive and securing opportunities that have a chance to work here.

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Sincerely,

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J. Steven Southwell, II

February 13, 2013

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Sincerely,

Sophia Benjokian
Hardee County Disposal Inc.
President/Owner
Vice President - Main Street Wauchula

February 13, 2013

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111 West Madison Street
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Tallahassee, Florida 32399-1400
Re: Hardee County Economic Development

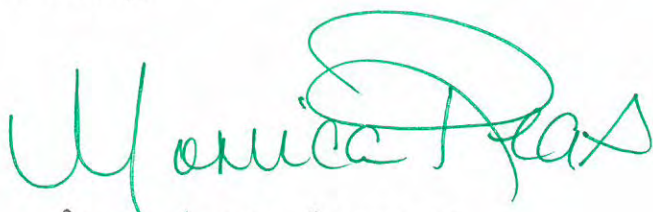
Dear Representative Ray and Senator Abruzzo:

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I support economic development in Hardee County as well as the actions and philosophies of the Economic Development Authority, the Industrial Development Authority, and the Economic Development Council. With the Mosaic Agreement and progressive thinking, our community will be able to mitigate a struggling economy and facilitate diversified, rewarding careers.

Sincerely,


Business Owner



REAL ESTATE INVESTMENTS



February 13, 2013

Joint Legislative Auditing Committee
Attention: Representative Lake Ray, Chairman
Senator Joseph Abruzzo, Chairman
111 West Madison Street
976 Pepper Boulevard
Tallahassee, Florida 32399-1400

Re: Hardee County Economic Development

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Sincerely,

John H. O'Neal
Vice President

"The Citrus and Acreage Specialists"

P.O. Box 1149 • 234 S. 6th Ave. (U.S. 17 South) • Wauchula, Florida 33873
Office (863) 773-2128 • Fax (863) 773-0011



FLORIDA HOSPITAL
Wauchula

P.O. Box 2355, 533 West Carlton Street
Wauchula, FL 33873
863/773-3101
863/773-0126 FAX

Thursday, February 14, 2013

Joint Legislative Auditing Committee
111 West Madison Street
976 Pepper Boulevard
Tallahassee, FL 32399-1400

Attn. Representative Lake Ray, Chairman
Senator Joseph Abruzzo, Chairman

Re: Hardee County Economic Development

Dear Representative Ray and Senator Abruzzo:

Hardee County is a community rich in Florida's agricultural heritage. We are proud of how far we have come since our humble beginnings; however, the need for further economic growth has become apparent in most recent years. Florida Hospital Wauchula is honored to be part of this county, supplying healthcare needs to our citizens. Hardee County faces many challenges that other rural community face such as teen pregnancy, unemployment, poverty and threats to our current economic drivers. Our community has also been identified as a "rural area of economic concern" pursuant to Section 288.0656, F.S. Because of such, Hardee County's future is reliant on diversifying our economy.

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As the Administrator for Florida Hospital Wauchula, I support economic development in Hardee County as well as the actions and philosophies of the Economic Development Authority, the Industrial Development Authority, and the Economic Development Council. With the Mosaic Agreement and progressive thinking, our community will be able to mitigate a struggling economy and facilitate diversified, rewarding careers.

Sincerely,

A handwritten signature in cursive script that reads "Linda B. Adler".

Linda B. Adler
Vice-President/Administrator

February 13, 2013

Joint Legislative Auditing Committee
Attention: Representative Lake Ray, Chairman
 Senator Joseph Abruzzo, Chairman
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Tallahassee, Florida 32399-1400
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Sincerely,

A. H. Blum
owner/via President
Hardee County Disposal Inc.
andy@hcdifl.com

February 13, 2013

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 Senator Joseph Abruzzo, Chairman
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Sincerely,

Christal Cobb
The Madison Salon + Spa
local business owner

February 13, 2013

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Sincerely,


Charles Schuman
Chapman Fruit Company

February 13, 2013

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Sincerely,

Wayne Parrish
Chapman Fruit Company

February 13, 2013

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Sincerely,


Emily Parvizi
Chapman Fruit Company



February 13, 2013

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 Senator Joseph Abruzzo, Chairman
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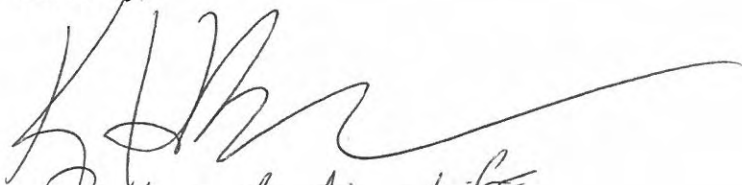
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Sincerely,



PASTOR of NEW LIFE

February 13, 2013

Joint Legislative Auditing Committee
Attention: Representative Lake Ray, Chairman
 Senator Joseph Abruzzo, Chairman
111 West Madison Street
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Tallahassee, Florida 32399-1400
Re: Hardee County Economic Development

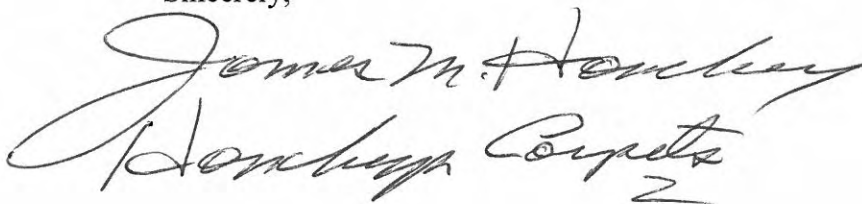
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Sincerely,


James M. Howley
Howley Capital
2

February 13, 2013

Joint Legislative Auditing Committee
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 Senator Joseph Abruzzo, Chairman
111 West Madison Street
976 Pepper Boulevard
Tallahassee, Florida 32399-1400
Re: Hardee County Economic Development


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Sincerely,


David Reid Crews
Land & Grove

February 13, 2013

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Sincerely,


General Manager
ALAN JAY Automotive of Wauchula

February 13, 2013

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Sincerely,

Evelyn Bailey
owner
Jellybeans Children's Boutique

February 13, 2013

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111 West Madison Street
976 Pepper Boulevard
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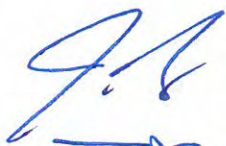
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Sincerely,


J.P. Smolek
Owner

February 13, 2013

Joint Legislative Auditing Committee
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 Senator Joseph Abruzzo, Chairman
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Tallahassee, Florida 32399-1400
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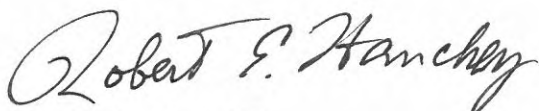
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Sincerely,


PRESIDENT
WAUCHULA STATE BANK

February 13, 2013

Joint Legislative Auditing Committee
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 Senator Joseph Abruzzo, Chairman
111 West Madison Street
976 Pepper Boulevard
Tallahassee, Florida 32399-1400
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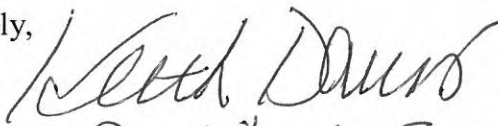
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Sincerely,


V. P. Franch Ferrelly & Co Inc .

February 13, 2013

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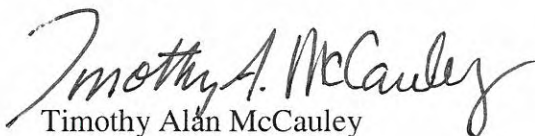
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Sincerely,



Timothy Alan McCauley
Owner
McCauley Angus & Cattle Service

February 13, 2013

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 Senator Joseph Abruzzo, Chairman
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Sincerely,

David M. Durando
Business Owner

February 13, 2013

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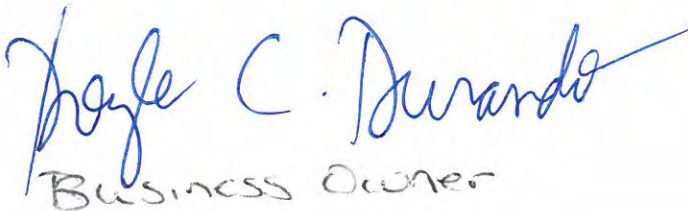
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Sincerely,

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February 13, 2013

Joint Legislative Auditing Committee
Attention: Representative Lake Ray, Chairman
 Senator Joseph Abruzzo, Chairman
111 West Madison Street
976 Pepper Boulevard
Tallahassee, Florida 32399-1400
Re: Hardee County Economic Development

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Sincerely,

Barbara L. Carlton, M.D.
Retired family physician and
engaged in agribusiness with
an emphasis on stewardship of the
environment -

February 13, 2013

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Wally S. Furr

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Sincerely,



concerned citizen

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Andrew Hinojosa




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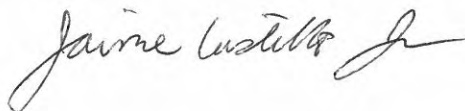
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Jaime Custillo Jr.



February 13, 2013

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Sincerely,



Susan Swatson

February 13, 2013

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February 13, 2013

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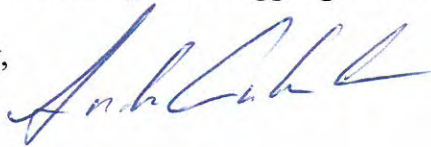
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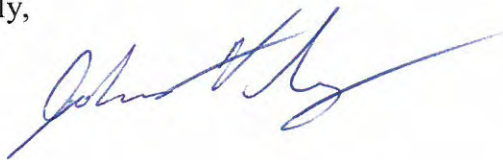
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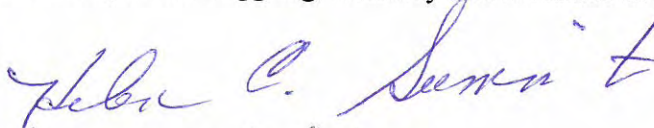
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Concerned Citizen



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Sincerely,

Lindsay Burnett
Concerned Citizen

February 13, 2013

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Emily F. Adams
Concerned Hardee County Resident

February 13, 2013

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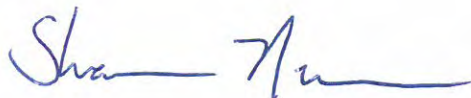
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KeyPlex Shipping Manager

February 13, 2013

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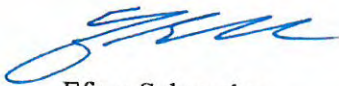
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Efran Schraeder
Concerned Citizen

February 13, 2013

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Sincerely,

James "Bo" Lee, Marketing Specialist
Main St. Wauchula, Marketing Committee

February 13, 2013

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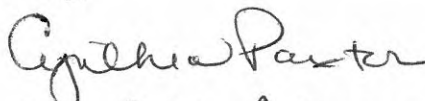
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Sincerely,


Cynthia Paster
Quality Assurance Continuum Labs

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Mary Xiulla
Healthcare Services Manager
Continuum Sales

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Sincerely,

Jennifer M^cClellan



Quality Assurance, Continuum Labs inc.

February 13, 2013

Joint Legislative Auditing Committee
Attention: Representative Lake Ray, Chairman
 Senator Joseph Abruzzo, Chairman
111 West Madison Street
976 Pepper Boulevard
Tallahassee, Florida 32399-1400
Re: Hardee County Economic Development

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Sincerely,

Matthew Smith

*Software Developer, Continuum Labs, dmc.
Treasurer, Smith Autos, dmc.*

February 13, 2013

Joint Legislative Auditing Committee
Attention: Representative Lake Ray, Chairman
 Senator Joseph Abruzzo, Chairman
111 West Madison Street
976 Pepper Boulevard
Tallahassee, Florida 32399-1400
Re: Hardee County Economic Development

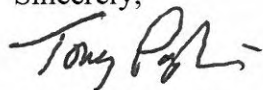
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Sincerely,



Facilities Manager, Continuum Labs Inc.

February 13, 2013

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 Senator Joseph Abruzzo, Chairman
111 West Madison Street
976 Pepper Boulevard
Tallahassee, Florida 32399-1400
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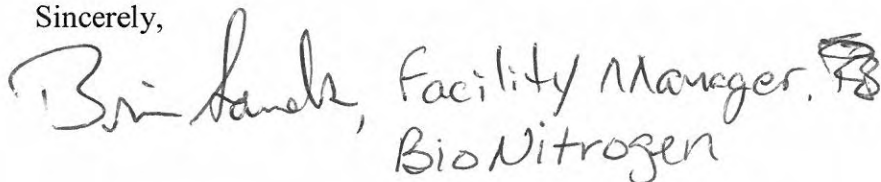
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Sincerely,

 Brian Sanchez, Facility Manager. FB
BioNitrogen

February 13, 2013

Joint Legislative Auditing Committee
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 Senator Joseph Abruzzo, Chairman
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Tallahassee, Florida 32399-1400
Re: Hardee County Economic Development

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Sincerely, Life Long Hardee CO resident, IOS Developer For Continuum Labs,



February 13, 2013

Joint Legislative Auditing Committee
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 Senator Joseph Abruzzo, Chairman
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Tallahassee, Florida 32399-1400
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Sincerely,


quality assurance
Continuum Labs, Inc.

February 13, 2013

Joint Legislative Auditing Committee
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 Senator Joseph Abruzzo, Chairman
111 West Madison Street
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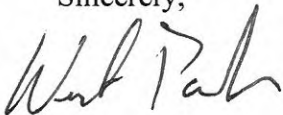
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Sincerely,



First Baptist Church of Wauchula

February 13, 2013

Joint Legislative Auditing Committee
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 Senator Joseph Abruzzo, Chairman
111 West Madison Street
976 Pepper Boulevard
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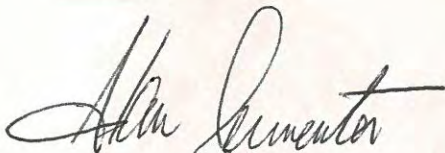
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Sincerely,



GEORGE WADSWORTH INSURANCE, LLC.



George L. Wadsworth
Owner/Agent

February 13, 2013

Joint Legislative Auditing Committee
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Sincerely,

A handwritten signature in black ink, appearing to read "George L. Wadsworth", written over a horizontal line.

Office: (863) 773-3117
Fax: (863) 773-2369
george.wadsworth@ffbic.com

1017 US Hwy. 17 N.
Wauchula, FL 33873-9709
www.GeorgeWadsworth-FFBIC.com

February 13, 2013

Joint Legislative Auditing Committee
Attention: Representative Lake Ray, Chairman
Senator Joseph Abruzzo, Chairman
111 West Madison Street
976 Pepper Boulevard
Tallahassee, Florida 32399-1400
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February 14, 2013

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111 West Madison Street
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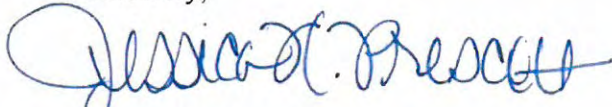
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Sincerely,



Jessica H. Prescott

February 13, 2013

Joint Legislative Auditing Committee
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111 West Madison Street
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Tallahassee, Florida 32399-1400
Re: Hardee County Economic Development

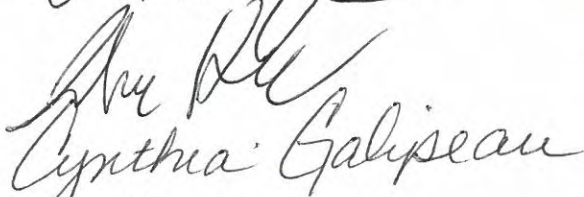
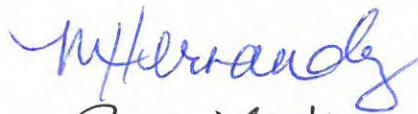
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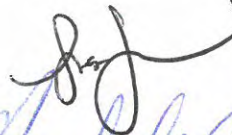
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Sincerely,



Jennifer Hay



Michelle Albritton

February 13, 2013

Joint Legislative Auditing Committee
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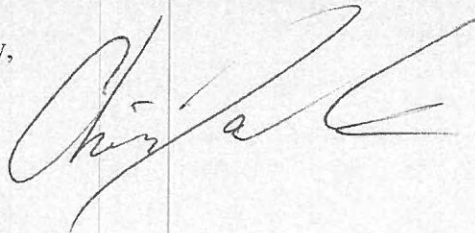
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Sincerely,

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February 13, 2013

Joint Legislative Auditing Committee
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 Senator Joseph Abruzzo, Chairman
111 West Madison Street
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February 13, 2013

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Tallahassee, Florida 32399-1400
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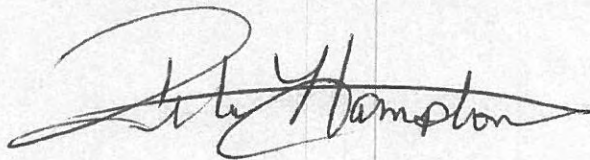
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Sincerely,



R. Y. Hampton

February 13, 2013

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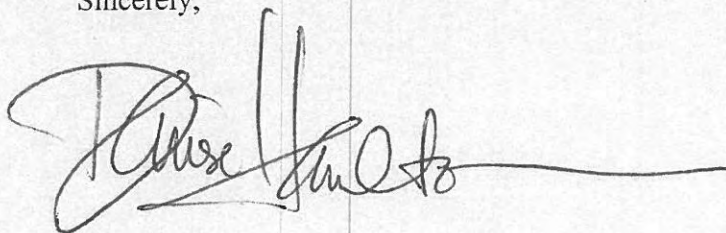
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Sincerely,



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February 13, 2013

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 Senator Joseph Abruzzo, Chairman
111 West Madison Street
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Tallahassee, Florida 32399-1400
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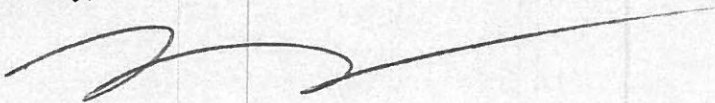
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February 13, 2013

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Attachment 5



Hardee County
INDUSTRIAL DEVELOPMENT AUTHORITY



Hardee County Economic Development Authority

- Bill Lambert: Hardee County EDC/IDA, Director
- Lex Albritton: Hardee County / EDA, Manager
- Ken Evers: Hardee County / EDC / EDA / IDA, Legal Counsel
- Mike Carter: Clifton, Larson, Allen
 - BoCC / EDA / IDA, Auditor
- Jim See: Hardee County IDA, Chair
- Vanessa Hernandez: Hardee County EDC, Chair
- Sue Birge: Hardee County Commission, Chair
- Rick Knight: Hardee County Commissioner
- Colon Lambert: Hardee County Commissioner
- Grady Johnson: Hardee County Commissioner
- Casey Dickson: Chamber of Commerce, Director / EDA, Member
- Krystin Chapman: Hardee County EDC / IDA, Staff
- Sarah Pelham: Hardee County EDC / IDA, Staff
- Kristi Schierling: Hardee County EDC / IDA, Staff
- Dustin Jurman: Rapid Systems, Inc., CEO
- Travis Bond: Continuum Labs, Inc., CEO

Documents provided by Citizens

To: The Joint Legislative Audit Committee

February 14, 2013

Ref: Committee Inquiry Hardee County Monday February 18, 2013

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We want you, the Audit Committee, to know that we will address these failures through the democratic process. Please do what you think necessary to protect Hardee County and end this kingdom building by special interest. Also we thank the Audit General and staff for their due diligence on the behalf of Hardee County.

Robert H. Bell	773-1060
Pam Bell	773-1060
Cecil Garner	375-4268
Robert Cole	263-735-1836
Dorothy L Kuhlman	863-773-4122
Henry J Kuhlman	305-335-8880
John Adcox	863-781-0625
Frank Richland	863-245-1158
Jim McClellan	863-781-3783
Linda Clark	863-773-2418
Chris Williams	863-773-3322
John W. Gudek	863-781-4570
Lynn Dean	903-227-7122
Maria Witschonke	941-915-4845
Ernest Witschonke	941-915-7804

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Tom Routh	863-773-2255
Arden Routh	863-773-2255
Nancy McQuary	863-773-3493
Jud. McQuary	863-773-3493
Kenner McQuary	863-773-3493
Randall R. Davis	863-773-4246
Edith Bassett	863-773-4246
Sheron Adams	863-773-0571
Ruth Hill	863-773-0571
Marc Hill	863-773-3418
Michele Carpenter	863-773-3418
Charles E. Kennedy	863-773-9019
Jessie Kennedy	863-773-9019
Lu Chang	863-773-0710
Christa Chancy	863-773-0710
Verdine Jo Cook	863-773-4580
Carmel Williams	207-399-7891 Cellphone
Wayne Adams	207-399-7891
Al M. Frazier	863-773-6681
Mary F. Frazier	863-773-6681
Donald R. Bergeron	863-773-3562
Judy Bergeron	863-773-3562
Markie Albritton	863-773-4353
Kenneth Albritton	863-773-4353
John Deer	863-773-6661
Jessie F. Hiles	863-773-6661
Liz Ann Nichols	863-773-2255

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Charles A. Boston, Jr.
Dana & Craft
Luffany Reestrige

863-781-0551
863-832-0370
832-0508
863-473-1066

(4)

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Justin Cornell 903-448-7847
Dennis McCall 863-245-9248
Bonnie McClellan 863 375 2784

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Rhonda K. Cole	Rhonda K. Cole	863-735-1836
Anthony Thomas	Anthony Thomas	863-773-4201
Anthony Thomas	Anthony Thomas	863-473-1082
Donald Bethem	Donald Bethem	863-735-1224
Joseph Carranco	Killer all	863-735-0878
Wendell Cotton		863-773-5754
Umarj Baptes		863-832-4784
David L. Weir		863-773-2386
Gordon R. Norris		863-735-0792

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- Vernon Alford 735-9244
- Ray E Young JR (863) 443-6543
- Brian Bennett (863) 509-3603
- Jennifer Sosa 863-448-6674
- Tracyan Shelton 863-781-2038
- Walt Lorett Jr 863-781-2009
- Mark Roberts Jr 863-781-3248
- Eric M. Miller 941-743-0568
- Beverly Probowari 863-581-0077
- Alvin Curtis 863-443-0120
- John W. Dwyer 863 781 0336
- John Liberty Ave 863 773 6793
- John Liberty 863 773 2210
- John Albert 863-781-0377
- Paul Hill 735-2515
- Pam Lovett 863-781-9898
- Denia Mitchell 781-5258
- John Mitchell 781-9916
- Tim Stroeder 832-709041
- Tim Stroeder 446-5876
- Chayenne Vickens 863-245-7223
- Geordy Mitchell 863-245-7187
- Keith Dredzky 863-781-2045
- Lee Treadway 863-767-0423
- Kabon Sockolasky 863-473-1750
- Daniel Sockolasky 863-781-9251
- Cole Ward - 863-781-9470
- Terry Jorel 863-781-6363
- Scott Nobles 773-4501
- Sam Bowler 781-3114
- Roy Anderson 445-8080
- Johnny Fisher 863-781-8218
- Ante Edmundo 863-781-4108
- Joe Weishaust 863-285-9528
- Joel Smith - 375-2168
- Wendy Thompson 832-1180
- Jennifer Blanchard 813-650-6567
- Rodney Barnett 773-34978

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To: The Joint Legislative Audit Committee

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<i>Johny Smith</i>	863-781-1285
<i>William Lee Hough</i>	863-735-1134
<i>Thomas Hough</i>	863-245-9356
<i>Herschel Sulph</i>	832-1018
<i>Ruby Sulph</i>	832-0486
<i>Robert Hough</i>	863-773-3247
<i>Al Hough</i>	863-781-0363
<i>Ruby Hough</i>	863-781-1686
<i>Murray Hough</i>	863-791-2186
<i>James R. Bingham</i>	863-781-5081
<i>Dean Wadsworth Jr.</i>	863-773-4641
<i>Russell Miller</i>	863-445-0195
<i>James Evans</i>	863-832-1818
<i>Jan Botten</i>	11 7357800
<i>John Hough</i>	" 7351962
<i>Ed Hough</i>	7811324
<i>Bill Hough</i>	781-0784
<i>Paul Hough</i>	863 773-5138
<i>Gordon Hough</i>	863 735-0792

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Velma Tomlenn	863 773 9280
Wm Tomlenn	863 773 9280
Lashyune D. Smith	863-773-6112
Robbie Smith	863-773-9211
Megan Hedding	863-245-9772
Judith Johnson	863-773-3665
Carol J. Coker	863-773-9181
Sharon B. Medlock	863-273-9496
Marjorie Duffoni	863-773-6707
Victor Balgoun	863-773-2122
Leslie Tremblay	863-773-3986
Shanne Myrie	706 464-2584
Glenn Myrie	863 521-3012
John McQuay	863-781-6615
John J.	863-477-1229
John J.	863-837-0357
John J.	863-767-0771

January 22, 2013

Representative Debbie Mayfield, Chairwoman
Or Current Alternating Chair
Florida Legislative Audit Committee
111 West Madison Street, Room 876
Claude Pepper Building
Tallahassee, Florida 32399-1400

Re: Hardee County

Honorable Senators and Representatives:

We are writing to you as citizens, business owners, and lifelong citizens of Hardee County. We have formerly served as county commissioners and school board superintendent.

This letter is written because of a great concern for the apparent misconduct involving the special income stream of money earmarked for economic development here in Hardee County. The Audit General's preliminary report clearly shows what we believe to be gross mismanagement in the handling of this special district income. It is clear that in the last several years questions have been answered with half truths, deliberate misguidance and what appears to be outright deception involving the intentions as well as accountability of key management elements in Hardee County.

It is to our understanding that special legislation (2004-394 Senate Bill No. 3110) eliminated the Hardee County BOCC from having the final vote on any given expenditure. We believe that this is at the heart of the problem. This has allowed those we trusted to manipulate these funds and justify ignoring the statutes and has left Hardee County stripped of income security with very little legitimate accountability.

We are asking that you consider allowing the bill to function as is with one addition. Amend the bill to allow Hardee County BCC to have the final vote in front of the citizens for several reasons. We are saddened that the majority of those we supported to protect Hardee County have bowed to this divide in power. This power, shored up by cronyism, sets the stage for calculated blind loyalties to advance personal benefits. This cannot continue.

RECEIVED
JAN 28 2013

We believe that this additional checks and balance will discourage and hopefully expose in the future any attempts to ignore statutes that are designed to protect public funds. We are embarrassed and ashamed that you had to send the Audit General to Hardee County. However we have every intention of restoring the integrity of our community through the democratic process. You have our support in this and we need your help!

Thank You

John Roy Gough former County Commissioner

John Roy Gough 863 781-1285

Sam Rawls, former County Commissioner

Sam Rawls 863 773 2255

Roland Skipper, former County Commissioner

Roland Skipper 563 735-1112

John Terrell, former School superintendent

John E. Terrell 863 781 9485

EC. Governor Rick Scott

Joseph F. Swiler 863-781-1851
FORMER SCHOOL BOARD MEMBER

Ms. Deborah White
Florida Joint Legislative Auditing Committee

I would like to thank the Joint Legislative Audit Committee for the opportunity to listen to concerns that I and many others in Hardee County have regarding the economic development activities and actions of the Hardee County Industrial Development Authority (IDA), the Hardee County Economic Development Council (EDC) and Hardee County Economic Development Authority (EDA).

Background

The Hardee County Economic Development Council (EDC) was created in July 1996 by the Hardee County Board of County Commissioners (BOCC). The EDC is a non-profit corporation registered with the department of state and designated as a 501(3)(c) by the Internal Revenue Service. Its members are appointed by the BOCC and until recently served in an advisory capacity to the Hardee County Industrial Development Authority (IDA). The IDA was re-created by the BOCC in 1996 (previously created in 1984) pursuant to FS 159. The membership of the IDA is appointed by the BOCC. Until recently, the IDA membership was appointed from those who were also on the EDC. As of September 2012, the BOCC acted to make the membership of the IDA and EDC one in the same. The Hardee County Economic Development Authority (EDA) was created by special act of the legislature and serves to administer grants for infrastructure or economic development and is funded from phosphate severance tax.

Initial Concerns

It came to my attention in 2011 that the IDA was not compliant with Florida Statute 189 and possibly not compliant with other statutes as well, including FS 286. Questions began to arise from myself and others when the IDA made a request of the City of Wauchula Community Redevelopment Agency, (which I serve on) to administer a small grant project. These questions included why the IDA wanted the city to serve as a middle party, and whether or not the project was in taxpayer interest. As questions were asked, more became necessary as **citizens** brought me their concerns. Among these concerns were why some of the same individuals serve on multiple boards, and how the IDA was handling monies it received from the Mosaic mediation agreement. For example one citizen asked why the city's police chief served on both the city's airport authority and the EDA. Also, the chairman of the EDA (Mr. Royal) was the city's mayor up till Feb. 2011, when he and four others were removed by the governor for violation of the state's sunshine laws. In 2007 the EDA awarded a grant to the city's airport authority where the contractor receiving the bid also was on the EDC and on the airport authority board. Likewise, Mr. Lambert, the county economic development director, also serves on the airport authority.

This leads to questions of conflict of interest and dual office holding. Other questions began to surface and after reading the Mosaic agreement for myself, I then inquired as to the IDA's budget. Finding none, I discovered that the IDA was not registered with the Department of Community Affairs (now DEO) as a special district, nor had it filed an annual financial report, nor had the EDC. This leads me to question how the IDA could approve funding requests as it is unlawful for any government to spend funds without first having an adopted budget approved in open meeting. I then made a public records request of both the EDC/IDA and the EDA. After reviewing the information provided to me, it appeared that the EDA was current with the required reporting but not the EDC/IDA. At this time, the treasurer for the EDC/IDA, a local CPA, was arrested for embezzlement and more questions and concerns arose. For example, if the EDC is funded by the BOCC and the IDA is also handling funds that property belong to the BOCC (Mosaic agreement is with the BOCC) why isn't those funds accounted for by the Clerk of Courts like other county funds? And since the EDA is compliant with the filing requirements, how can staff not be aware of such so that the IDA/EDC is not compliant? Not being able to get a satisfactory answer to my questions and concerns from BOCC and IDA staff lead me to contact the DCA Special District program administrator and the Joint Legislative Auditing Committee in hopes of resolving these issues and restoring accountability and transparency to these county agencies. The Auditor General's report is the result of these efforts.

Need for Oversight and State Action

I would like to inform the JLAC that this process of bringing accountability and transparencies to the IDA and EDC have been met with the greatest amount of resistance possible. Those of us demanding such have been labeled troublemakers and actions of the BOCC of ignoring this issue and attempts to gag order discussion at public meeting of any criticism have only made this dilemma worse. Last year, a member of the EDC who had been critical of the actions of the EDC/IDA was wrongly removed, not by the BOCC who appointed her, but by impromptu meeting of those two boards. Prior to the BOCC resolution in September 2012, the IDA acted as the control council and the EDC was only advisory. Today those two boards are the same membership. When asked by a County Commissioner as to who does economic development director Bill Lambert work for (is he BOCC staff?), county attorney Ken Evers replied that he is an employee of the EDC. Since the EDC was created by the BOCC, my question is how is it not a special district? Likewise, EDC boards elsewhere around the state are private entities and volunteer boards and incorporated as non-profit. I have never seen a government (the BOCC in this case) create a non-profit corporation with exception to inter-local agreement with other governments under FS 163. This leads me to question if the Hardee BOCC had authority to create the EDC in the first place under its home-rule powers and does this violate Article 3 section 11 (12) of the state constitution? Is this an attempt to provide cover for Mr. Lambert from the responsibilities he is accountable for under FS 112? Since the start of this process, communication coming from Mr. Lambert's office has shown that not only was he and county

staff aware of the requirements under FS 189, but that there is a blatant disregard for such. Letters to the newspaper from Mr. Lambert and his staff show a complete contempt for statutory authority and that of the local Clerk of Court, the Auditor General and the JLAC. If requested by this committee, I will be happy to provide such for your own knowledge.

In closing, myself and the others who have brought this issue before you today only seek to see that business as usual cease, and that those responsible for misuse of public funds be held accountable, that the laws of this state be enforced. While I do not pretend to know how all the actions of the EDC/IDA and other boards will be tied together, it is my hope that this audit report will be the beginning of bringing an end to the incompetency Hardee County has suffered from.

Respectfully Submitted,

Russell Graylin Smith,
City Commissioner
City of Wauchula, FL

Dubose, Kathy

From: White, Deborah
Sent: Friday, February 15, 2013 2:11 PM
To: Dubose, Kathy
Subject: FW: Hardee County IDA (Industrial Development Authority)

From: Kathleen Roehm [mailto:katroehm@gmail.com]
Sent: Friday, February 15, 2013 2:01 PM
To: White, Deborah
Subject: Hardee County IDA (Industrial Development Authority)

Dear Ms. White,

I was given your email so I could send my concerns about the Hardee County IDA.

Some of my concerns-- (I really have more than these)

1. The BOCC has accepted no responsibility for the Mosaic Agreement Funds-If the BOCC appoints every member of the EDC and IDA then how are they not responsible?
2. The IDA has repeated applied for funding from the EDA-- why is this necessary when the IDA has a funding source? If the "projects" the IDA is endorsing are so beneficial then those companies should apply to the EDA and be funded on merit--- *I think I know why-- it is because the EDA grants are "reimbursement" grants-- and the IDA just hands out the money without any policy or procedure!*
3. The IDA public records are a joke! -- as a sunshine board-- hide under the auspice of "confidentiality" and do not utilize the BOCC room to hold meetings that can be video taped-- and the meeting minutes are so ambiguous you would have to attend the meetings to understand what actually transpired.
4. The IDA policy and procedures-- The IDA voted a member off the board under the pretext that she broke a "policy" (she sent an email to what she thought was a personal email and it contained some nudity-- nudity that is considered acceptable in British newspapers)-- this board had NO policies-- and I spoke at this meeting to that very point-- stating-- this board has no policy in place that was violated-- and it would behoove the IDA to set policies before voting-- they were so anxious to get rid of her they voted her off.
5. There are questionable ethics when the IDA does banking transactions--- One that really bothers me is what company owns First National Bank of Wauchula-- if the holding company-- "First Hardee Holding Corporation" owns the bank then Bill Lambert (EDC director) Ken Evors (IDA attorney) and Rick Justice (IDA board member) -- all active with the IDA are all board members of First Hardee Holding Corporation-- should the IDA deposit money in a bank where 3 principals are paid board members? ---- The IDA has money in Wauchula State Bank -- and Lory Durrance (a Senior Vice President) is on the IDA board-- there are several

other banks in town-- but these are the only two banks where IDA has funds.

Ms. White-- I am excited to think there might be some "accountability"-- because it has been apparent since the very first project the EDA funded-- accountability has been overlooked and the folks involved were overseeing "Cronyism" to the fullest.

Sincerely,

--

Kathleen Roehm

863-781-2874

Dubose, Kathy

From: White, Deborah
Sent: Friday, February 15, 2013 2:35 PM
To: Dubose, Kathy; Boyett, Cathy
Subject: FW: HARDEE COUNTY

From: Nancy Craft [mailto:ncraft@embarqmail.com]
Sent: Friday, February 15, 2013 2:23 PM
To: White, Deborah
Subject: HARDEE COUNTY

Dear Ms. White,

I am one of the "Ole Timers" in Hardee County. My first job was with County Judge Clyde Maddox for 9 years and learned early on the "politics" of a small town. It were easy to work with as you knew the players and learned the game. Back then the most I ever knew was favors and they didn't amount to much but fun to gossip about. Years ago we had an Industrial Development Authority with most of the County leaders and met 6 or so times a year. We never accomplished much as we really didn't know how. I was the first female appointed to this all male board. I was also the first female on the county Farm Bureau Board, tri-county Citrus Committee and others.

I am only mentioning this to assure you that I have been involved enough to recognize the big issues from the little stuff.

I was proud to be appointed to our first Economic Development Committee and Industrial Development Authority. Jim Brantly, well known EDC Director in the State was hired to educate and lead us forward. He said he would give us two years and help us hire a new Director. Our first two years were great, Mr. Brantly did exactly what he said. He brought in other specialists and trained us well. Everything was above board and we successfully started our IDA Park. After two years Mr. Brantly helped us hire a new Director, Lew Attardo. We again were moving forward. Either right before or after Bill Lambert was on elected County Commissioner. Commissioner Lambert started going daily to the EDC Office spending two to three hours each morning giving our Director orders. Finally Director Attardo couldn't take it any longer and told Commissioner Lambert that he needed to talk to his Board as they were his employer. Mr. Lambert slammed his had down on the desk and said, "We'll see about that!" He went directly back to the Board, not in any public meeting, and they took away the funding. He then started the Board with his picks as EDA heads. This is when the story becomes so convoluted. The majority of us did not know what was really going on in the background. It was during this time Hardee County Clerk of Court came to me and ask if I would work for him "taking minutes at the County Commission meetings." I had no idea what I was getting into and

I had a "Cram Course" in minutes, tenacity, learning how to play the game, and so much more. These details are for another email.

What I am about to tell you is unbelievable, I am thoroughly convinced that Mr. Lambert "intentionally" had the Mosaic Agreement funds put in IDA as his plans was to head IDA when the time came. He didn't realize that it would come so soon as he was not re-elected to a second term as a Commissioner. Then there was called executive IDA meetings, that I was apart of, and did not realize what was going on. New members were being lined up and I was asked each time but was under the assumption we would be working honestly and had now idea what was going on until all the new members wanted Bill Lambert as the new EDC/IDA Director and even had the salary set at \$80,000 plus perks. One of the highest paid in the State. I was the one no vote to hire and was ostracized. My reasoning, which I said to the group, "the voters of Hardee County have just voted him out of office and you want to hire him as almost one of the highest paid in the State." During the time I was on the Boards Mr. Lambert never held "a work shop" to train new members, no planning sessions, brought in people only for his gain etc etc etc. There is many things that happened and so unbelievable I even have problems trying to understand them. What breaks my heart even more is to see the people involved that really don't realize what is going on.

Our citizens complain of the atrocity's in our Federal Government and don't have a clue what is happening in our own backyard.

I am only giving you background of how we got where we are. It was all planned and the majority of the EDC/IDA members don't have a clue as to what is really going on.

The same day the IDA purchased a grove and two dwellings on the south side of the existing IDA Park is the exact day Bill Lambert was appointed Director on First National Bank Board; the owner of said land was Chairman of EDC Board and President of First National Bank. He turned in his resignation on IDA as he was retiring from First National. There is another whole story that goes with that but useless to get into. Since Bill was voted in as Executive of Hardee County Economic Development/IDA a whole pattern of deceit and dishonesty has taken over this wonderful opportunity for Hardee County. It is like a giant stomach worm slowly working its way through the system causing devastation to our small but wonderful county. Even to write this I think, "am I going crazy?"

How can a college graduate, making in excess of \$80,00 say "I didn't know I was supposed to answer to any of the State of Florida's rules and regulations?"

I just got more earth shaking news that has happened in our county. Breaking my heart. Will end here. I just hope the leaders of our great State will have the intestinal fortitude to see the travesty in Hardee County and do something about it.

Nancy S. Craft
3319 Sweetwater Road
Zolfo Springs, Florida 33890

Home 863 735-0604
Office 863 832-0370
Cell 863 832-0370

Feb 15
2013

TO the Audit General + STAFF

I have been informed that IF I have anything to say keep it short IN 2 words or less, well I have to apologize ahead of time, 2 word will NOT get it. I AM A citizen of Hardee County I won't to thank you for your interest.

what you see coming to TALLASSEE from Hardee County is suppose to be the cream of the crop. Please make A EXAMPLE of them IF yo do nothing, nothing will change. IN Hardee County you have to go to the right church know the right people or you are nothing.

IT has Always been A unwritten Law here, There is the Somebodys AND the Nobodys. The Some bodys Control everything. IF you Are A nobody you are to set back. PAY your TAXS AND Shut up.

The County Commissors have placed A gag Order on the Public. you are to set down AND listen, They do the bussiness of the people AND They do not every need your VOICE they were elected to do this AFTER All They are the Somebodys.

Thank God for Grady Johnson he is the Commiser for the People of Hardee County with out Grady the People of Hardee County would NOT have A chance.

(Over)

Please when you see your Governor
Tell him his continues CountShip
with the somebods in Hardee County
will cost him a lot of votes, not
That he Needs our Vote

The RAging of A old man
Don McClellan
3992 Fussell Road
Bowling Green Florida
33834

I pray this letter will get in the
right hands

May God Bless and have
A great day!

February 15, 2015

Dear JLAC,

My name is Robert Cole and I'm a resident of Hardee County. This past year I have become a watchdog of local government because I started noticing improper things happening. I was glad when the state Auditor General's office came to town to investigate some of the goings on. Many of us citizens have been trying to get help for a while, with limited success. Getting help locally is almost impossible because of the cronyism here. It makes our US Government look like amateurs.

There is a big problem here with freedom of speech and public records laws, but that's another story that I'm sure doesn't interest the auditing committee.

Seems like most of the problems started when the county signed the Mosaic Agreement and the promise of 42 million dollars (over 10 years) flowing into the county for economic development. The lights went out and the roaches flooded in. This money was controlled by the EDC/IDA/EDA with oversight by the BOCC. The most notable distribution of this money came last year when a company named Lifesync/Bluewater was given over 3 million dollars with some very vague promises. Lifesync submitted the application for the grant before they were even registered as a company. Further suspicion arose when we learned that allegedly 3 state congressmen were part owners of the company. As this case unraveled the company was sold and the IDA gave the "new" company, Continuum Labs, another 3 million. It doesn't appear either company has accomplished much, but the public's money keeps flowing out the door. It seems impossible to find out where all this money went.

Of course new companies have been courting Hardee; I guess we are kind of like a lottery winner. Many questions surround these companies, most are start-ups. Bill Lambert and his cronies don't seem interested in vetting these companies. The contracts are always weak and don't protect our interest. That makes everything suspicious. These are not dumb people. Most are educated with professional jobs. I don't think they would handle their own money the way they handle ours.

Another company they have invested in is Bionitrogen (BION). It's an OTC company on the pink sheets. I found info online that suggest this is a "pump and dump" company. Once again our leadership doesn't vet these companies. The little vetting they do amounts to talking to the company owners and then presenting that as truth.

There are many suspicious activities involved with a company named Rapid System. Some citizens have had trouble getting public information surrounding this deal; that alone adds to the suspicion.

I hope you understand what we are up against. Much of this is very complicated for us ordinary citizens and it doesn't help when we are stymied by our own leaders. Please help if you can.

I know I've only scratched the surface but you know most of this from the AG report. I just wanted to express my feelings. I hope you can help bring professionalism and integrity to Hardee County so that we have a chance to enjoy prosperity in the future.

Thank You,

Robert Cole H-863-735-1836 C-954-445-4342

Dubose, Kathy

From: JLAC
Sent: Friday, February 15, 2013 3:46 PM
To: White, Deborah; Dubose, Kathy; Boyett, Cathy
Subject: FW: Letter for inclusion in Hardee County Packets for Feb 18 hearing
Attachments: 13-02-15 Mr. Warren Davis letter.pdf

From: Henry Kuhlman [mailto:hjkuhlman@gmail.com]
Sent: Friday, February 15, 2013 2:22 PM
To: JLAC
Subject: Letter for inclusion in Hardee County Packets for Feb 18 hearing

Ms. Debbie White

Thank you for your time this morning. Please find attached a copy of a letter I sent to Mr. Warren Davis and Governor Scott today related to findings of the Auditor General (three FL Representatives getting a \$7.25M cash grant from Hardee County). It might be helpful if members of the Audit Committee had this information for the hearing Monday. I plan to attend and can ask and answer questions as a concerned citizen if requested.

I also will be writing a few questions for the committee that could shed light on the contradictions at play (sent separately later).

Thanks,

Mr. Warren Davis
Office of Citizen Services
Executive Office of the Governor
The Capitol
Tallahassee, Florida, 32399-0001
warren.davis@eoq.myflorida.com

Reference: Your Jan 8, 2013 letter about my private meeting with Governor Scott during the Hardee County Open Office Hours on Jan 2.

Subject: High Level Involvement by Republican State House of Representatives in the LifeSync Technologies, LLC \$7.25 million cash grant they sold after receiving \$2.65 million with a contract purposely written to avoid repayment. They may continue to be receiving monthly payments of as much as \$11,000 for "marketing services" without any product to sell.

Dear Mr. Davis:

Thank you for your letter and for your personal attention in listening to my concerns. Thank you for taking documentation back to the Inspector General. Thank you also for suggesting I consult the State Attorney and the Commission on Ethics. I have been in contact with both agencies for many months already about activities of certain local officials.

The reason for my conversation with you and my private 10-15 minute meeting with Governor Scott was to expose State Legislators that are taking millions of economic development dollars from the citizens of Hardee County for their highly suspect LifeSync Technologies project. They failed to deliver any products, jobs or customers. Furthermore, they refuse to release required records even though they sold the cash grant and the project to another company last September, 2012. The three House Representatives are James Grant, Jason Brodeur, and Ben Albritton. Another owner of LifeSync Technologies is John Grant III, the brother of James, who failed to win a judgeship in the last election.

The Auditor General findings support serious concerns about gross mismanagement and broken laws. Representative Grant and Mr. Travis Bond presented a wildly optimistic business plan from their three day old company to a six member Hardee Industrial Development Authority (one member was the brother of Representative Albritton). They received a \$2.5M cash grant with no strings attached that same day (the grant grew to \$7.25M in a contract specifically written to be unenforcible never approved by the IDA

board). Not one report has ever been delivered to Hardee County by these House Representatives. The Economic Development Director, Bill Lambert, purposefully kept no records as required on this failed project to evade public record requests.

A citizen lawsuit against the IDA is in progress for obstructing public record requests. An ethics complaint against the IDA Chair, Jim See, has been filed for promoting the company, Continuum Labs (owned by Mr. Travis Bond) that bought the cash grant from LifeSync. Chair See's son began working for Continuum Labs one week before Chair See voted to give an additional \$3M to Mr. Bond, while his son sat in the audience wearing a company shirt. At every IDA meeting since, Mr. See obstructs public participation while \$8,219 dollars per day is given to Mr. Bond. There is no business plan, product or revenue in sight. Mr. See helped write the unenforcible contract for Continuum Labs despite his ongoing conflicts of interest. The son of Sue Birge, County Commission Chair was also hired by Mr. Bond with public money as was the spouse of the salaried IDA CFO, Sarah Pelham.

Mr. Davis, much has happened since our meeting last month. The Industrial Development authority answered the Auditor General's preliminary findings on Jan 16. They took issue with each finding based on differing philosophies and the subjective nature of economic development in Hardee County. Now, the Senate Joint Audit Committee has invited county officials and board members to answer questions on Feb 18 at 2:00 in Tallahassee. I hope you can attend with me.

Mr. Davis, appearances are that VIP State legislatures used their power and influence to get millions in cash from poor Hardee County in a back room deal based on nothing more than an introduction by Representative Albritton's Brother, Joe, who sat on the board. There was no evaluation beforehand and the contract was purposefully written to be unenforcible (County Attorney, Evers, helped write both contracts and ignored the public interest in favor his "IDA clients").

Questions first appeared nine months after the Sep 22, 2011 grant award. The IDA intentionally kept no records and then claimed confidentiality after a Jul 14, 2012 letter from Representative Grant. Incidentally, because of the Auditor General's investigation at the time Continuum Labs was buying the grant from LifeSync Technologies, Mr. Bond is providing detailed monthly reports on where public money is going (without claiming confidentiality). The owners of LifeSync continue to claim confidentiality which is supported by the IDA and their attorney, Mr. Evers.

An investigative reporter from Tampa attended the Jan 3 Commissioner meeting and followed the IDA Director, Bill Lambert, across the street into the parking lot for an interview. Mr. Lambert slammed the door in his face. To this day, despite ongoing and repeated requests, not one of the House Representatives will talk with the TV reporter.

WHY?

Therefore, Mr. Davis and Governor Scott, I write to request your help and that of the Inspector General (case # 201301020005). This project extends well beyond, "local government entities and incompetent employees." It has the scent of a scandal born in the chambers of the Florida Legislature, where it remains hidden to this day.

Governor Scott insists on transparent economic development projects and top flight project management. He supports tough ethical standards. I suggest this project is little more than bloated promises in return for \$6,621 dollars per day for 1095 days. Essentially, grant grabbing.

These Representatives should be invited to answer questions before the Joint Senate Audit Committee investigating Hardee County.

Sincerely,

Henry Kuhlman
Truth Seeking Concerned Citizen
JustTHIS -- Justice-Truth-Honesty-Integrity-Skepticism

To: Joint Legislative Audit Committee

February 18, 2013

From: Frank Kirkland, Concerned Citizen of Hardee County

A Quick Peak at Hardees's; Darker Side

Issues surround Rapid Systems, the manager of Rapids Systems --Doug Knight-- has evolved from a county employee, who has ties to IDA 's Director,--Bill Lambert--and County manager --Lex Albriton-- all three were in county management, or employee during an un-closed- out situation where the now Rapid System manager Doug Knight, who was a key player in a --documented situation where over 1 million dollars was diverted, bypassing the counties official records. These issues are ongoing:--Lex Albriton-- county manager is documented as also involved.

Commissioners turn Rabid toward Citizens: The above scenario has evolved into a clash between , Commissioners, Minor Bryant, Dale Johnson, Sue Birge, Rick Knight and county manager Lex Albriton, as what looks like a good ole boy Cartel at war against public outcry, including Rick Knight county commissioner, father of Rapid Systems manager, Doug Knight. Rick is documented to have tried in written form to call a clandestine meeting with the Clerk of court, (Hugh Bradley) to silence the fact that his son was involved in the money flip that by passed the clerks records system, Lex's roll is documented in written form, and video form also. (The clash is on video record)

The above clash evolved from a series of meetings, where the public requested Public records in an investigation stemming from, the Clerk of Court discovering money had been diverted past his files, citizens taking up the issue bringing documented evidence to the commissioners in BOCC meetings, asking for answers and documented closer, only to verbally attacked by commissioners, Sue Birge, Dale Johnson, Minor Bryant and Rick Knight, as things heated over the open misconduct by commissioners, attorney and County Manager, including his documented lies, in open videoed meetings. (All done in complete disregard to several statutes, state and Federal, constitutions with Malice Intent)

Commissioners worked in the back ground to come up with a complete new set of BOCC meeting rules, and a--Gag order—for the purpose of stifling the public from stating their opinion and airing their grievances to government, the Gag order said no discussion will be allowed about the money discrepancies at issue in the unclosed issues, that Lex Albriton and Doug Knight son of Rick Knight, also another unresolved issue over Lex Albriton county manager, appointing an alleged unqualified fire chief, though these issues were never properly addressed the public was ordered not to bring these issues up any more. (Quote Sue Birge we have beat this to death)

Notice Same Names Continue To Appear in Dark Places: The above is only a quick peak of some back ground issues, Our point is to show the same people are still involved in staring rolls in higher stakes and even darker issues today, Bill Lambert, Doug Knight, Lex Albriton, were players in 2004 or further back and still are key players in very questionable big money issues today. Ken Evers county attorney has been involved in every issue, to my knowledge since 2007 or before.

Mr. Evers Misleads; to protect illegal Votes: Mr. Evers has what I call aided and abetted the Players, he has personally misled (I consider Lied) publicly all along, from his chair in BOCC meetings, on several occasions he reported to us from 2007, until just recently, that he had went to the ethics commission on Minor Bryant and Dale Johnson doing Business with the phosphate mines. While consistently voting for mine permits and other major issues.

Minor and Dale reputed in 2006 from voting Documented and returned to voting on mine issues, until a recent single vote to my knowledge Minor reputed, (Documented) and now we have documented evidence that attorney Ken Evers has never filed a single document related to the ethics of Minor and Dale, he claims a phone call to someone he can't recall the full name of at ethics.

Mr. Evers writes inadequate documents: Mr. Evers tells us that he knows how to write documents that include teeth, claw backs and protective language, his reasoning or self justification is the board doesn't want protective contracts that protect public money and interest. I have told them but they don't want protective agreements or contracts.

Conflicts: Evers serves on all boards in Hardee county government to our knowledge which may or may not be coacher, but seems the fact he is on the bank Board along with Rick Justis, and Bill Lambert, where IDA funds are held is questionable

Completely Disregards his responsibilities to give sound Counsel: We have advised Bill and Ken that they were responsible for following the statutes and doing business by the guide lines set forth in Florida's statues, approximately one year before, the auditor General report, since the several other citizens have also tried to get the message across to no avail.

Mr. Evers has also rejected our personal attempts to question the actions of IDA and BOCC, we printed and highlighted related text in the 159./189/112/125 and other Statutes, and the paragraphs related to—no financing of projects-- where the applicant is not qualified financially. We reported they should check the applicants just as IDA chairman would, if the applicant were to walk into his bank for a business loan,

We have repeatedly printed and handed out statutes related to confidentiality, and others, being for the benefit of the public in several aspects, and the fact that special districts by statue also should encourage public involvement, we have also repeatedly notified the BOCC, of these and other issues, where all Hardee boards, are ran opposite of most Statutes designed to Guide the actions of all government boards, which by intent and design are set in place to serve the public in general; not the elected or appointed officials self serving interest. The latter of which seems to be the overriding rules in Hardee politics

Recent neglect Statues: Public records from 2/14/2013 where Lambert has allowed Greg Witt from Half Acre Construction to RFP bids for Broad band to preco building Mr. Witt has failed to follow any resemblance of common sense or prescribed proto call in order to keep a level the playing Field, no advertizing, didn't make documented contacts to all vendors, used total disregard of best management practice, claimed he was having trouble contacting Comcast.

Half Acre doesn't cover the RFPs: Considering if both systems are adopted as we understand may happen for so called redundancy Mr. Witt may receive considerably bigger fee for a couple phone calls and a short less than 1 page report. Also I believe the Half Acre

involvement in this RFP process, may not fall under his professional expertise or credentials, judging from poor documentation of Greg's transaction's, also his services are un warranted since, the IDA has staff that should be capable getting documented RFPs.

Bills Philosophy,--Tools for Fools Bill: Lambert and almost every Board Member have. Consistently, to this day said that we validate applicants by philosophy, because if we ask the applicant for documentation or ask them to fill out formal application they will leave, most commissioners view this philosophy the same way as Bill. They have told us that in documented BOCC meetings.

Citizens search projects fine major Chronic, Habitual, Gross Mismanagement

Most all Bills projects are clear violation of every statue in the book and are no more than vultures' looking for Fools with More Money than Brains, Hank Kuhlman, my Self and reporter fried investigated a company called (WDP) Waste Generated Products finding a shell of a brand new company with owners in undesirable financial situations in courts being sued by home owners association.

My reporter Friend John Rehil and I went to their claimed world headquarters where John interviewed them, and we witnessed a small duplex Building with two business signs and no electricity visible receptionist or office equipment as you would normally see. Both Businesses in the building were Internet shells, looking for fools. There were no normal office machines in the front desk area no receptionist, no electricity, the only occupants were the one WGP man and we saw two more in a room in one wing of the duplex.

Amazing after exposure of monumental issues, the County jumped head first into the Train to know where, with Minor Bryant exclaiming sounds too good to be true, Hank's wife Dorothy and I presented our findings to the commissioners who ignored our info, and blindly signed a 40 million dollar memorandum of understanding with this scam company this was just one of a number of projects that has no proven technology or product, the only thing they have are antennas that pick up free money from fools with fantasies of turning dirty diapers other mixed garbage into golden eggs, allowing WGP to go after a 40 mil. Bond using Hardees AAA credit rating as if to AAA rating has no value, this a quick overview and is completely documentable, with plenty of Gross mismanagement at all levels of Hardee County

Lambert frowns on Math or anyone asking questions or challenging what he calls his Money: Mr. Lambert and most all Hardee officials openly say we have to give the money to companies that can't go to the bank, also commissioners and all employees and board members say if one out of 10 projects make it we are in the green,

The sad part here is I asked them in a meeting recently if they had used any math on a project where IDA is building a building at a Lambert guess estimate of 1.6 million. It's being Custom for a company that has not been vetted and has not finished developing their product, which appears way over stated and most likely will not mature, Bill's answer is they used no math,

A quick use of math indicates without the use of an amortization that the approximant monthly payment to break out in 10 years would be 13 thousand, but here is the rest of the story, IDA is not only custom building the building for them with no collateral or knowledge of this company's financial status or ability to do anything they say they can, but IDA is also gave them 30 months' rent free.

Projects are growing in that they are receiving millions in Grants: Meanwhile Back IDA coral Lambert is busy finding ways to gift hundreds of thousands to Rapid Systems and Continuum on the side double triple dipping above and beyond Millions in Grants, this is after Rapid is claimed built out and a success.

The two most pressing projects at the Moment are Blue Water and even bigger is the continuum (after math), with Rapid Systems nipping at their heels and it's easy to recognize Names from the past in key positions, as mention in earlier paragraphs above Bill Lambert, Doug Knight, Lex Albriton and Ken Evers.

Now we have state legislators mixed in the crowd of players one of which is Ben Albriton brother to Joe Albriton, an IDA board member and also part owner of Life Sync representative Grant, and *two or three other state level persons are involved.*

Mr. Lambert is Manipulating 600,000.00 of grant money he has set aside to spend on benefits to Continuum, this appears to be a newer tactic by which Bill manipulates his board, he simply lowers original numbers later slipping in smaller deals which effectively gives bill his original planned number plus.

Same scenario as the generator agreement at Preco where apparently Bill and Preco's council worked out a below the table deal to give Preco an extra 200 thou, or that was Bills excuse when we started digging into the bogus looking Generator issue, while all the time Bill Has not shown a single document where he bargained one single time to get a deal on this long vacated property likely going nowhere, as all Bills deals there are several more obvious Management errors.

Another Total rip off total waste: *The Coker Building, which was negative in value needed destruction, but instead the owner who is now on IDA board, went to the bank with close to a 400 thou cash smile and is still smiling today*

Final comments *the massiveness and number of Hardees, Mismanaged projects, that appear only for the benefit of the clan which extends to a large number of corrupt, self centered, greed driven people they have no plans to stop at this point in the game so it falls on the shoulders of state or federal government with higher controls, Getting To Work, time is wasting,*

Frankly I am tired of Law enforcement claiming its civil not criminal, If the right look into this by sincere law enforcement, getting away from the brother hood vows, doing their job under the oaths they vowed to. (Enough is enough, evil prevails because good men do nothing, something has got to change, and you have the ball.)

Sincerely Frank Kirkland, fmcycle@ebarqmail.com, 863-245-1158

Dubose, Kathy

From: White, Deborah
Sent: Monday, February 18, 2013 10:27 AM
To: Dubose, Kathy; Boyett, Cathy
Subject: FW: My Resume
Attachments: Attachment Horst Witschonke IDA.pdf

From: Horst [mailto:horst@myrapidsys.com]
Sent: Friday, February 15, 2013 7:05 PM
To: White, Deborah
Subject: FW: My Resume

Thank you

From: Horst [mailto:horst@myrapidsys.com]
Sent: Friday, February 15, 2013 6:45 PM
To: frank kirkland; Grady and Trish (gradyj117@aol.com); Rob Cole; Rick Knight (Rick@jimseerealty.com)
Subject: My Resume

941-915-7804 my number -- Horst Witschonke -- Please open the short attached (PDF) summary of my resume

You can give out my resume and explain my efforts to help.

The commissioners and other officials are aware of my qualifications, but I was told: "We don't need Engineers or Scientists to vet our projects, we vet by Philosophy!"

You can see the live voting procedure for board membership on the recordings of BOCC—it was a comedy—view it! I got one vote. The general expression of the public was that there is no way they would let you on one of these boards.

To establish credibility:

Board members should have to go through an official application process to establish their qualification to be responsible for making decisions over their ability to spend public moneys.

Present IDA/EDA members should also be required to make public their qualifications for their position of trust.

Projects that involve spending of public funds should have to be proven viable BEFORE moneys are spent—Engineering, Science, Economic and Financial analysis, and a state of the art Literature survey, etc.

All pending projects should be re-evaluated according to practices similar to those employed by USEPA Superfund, State program evaluations and the above professional evaluations.

The above must be done with transparency, to keep the public engaged, and to have confidence in the commissioners they have elected.

Attachment

Horst Witschonke IDA/EDA Application

1956 – 1960	United States Air Force	Medical Laboratory Technician	Top of Class
1960 – 1964	Waiter	Night School Electrical Engineering	
1964 – 1969	Research Technician	IIT Research Institute, Chicago, Illinois	
1969	EE Degree	Illinois Institute of Technology	
1969 – 1976	City of Chicago	Dept. of Environmental Control	
		Engineer of Plan Evaluation, Responsible for 18 Engineers and Inspectors	
		Evaluation of plants and permits, Including Municipal Incinerators, Industrial Boilers and Incinerators. Air pollution stack sampling—gaseous and particulate	
1976 – 1997	United States Environmental Protection Agency (USEPA—Region V)		
	Six States IL,IN,OH,WI,MN,MI		
		Noise, Water Programs, Emergency Response, technical support to FBI and USEPA	
		Criminal Enforcement Division, Pretreatment Regulations, etc.	

Retired

Audit Request from Senator Flores – South Florida Workforce Board

1. Letter from Senator Flores to Chair Abruzzo requesting an audit of the South Florida Workforce Board
2. Letter from Senator Flores to Rick Beasley, Executive Director of the South Florida Workforce Board
3. Staff Analysis



THE FLORIDA SENATE

Tallahassee, Florida 32399-1100

SENATOR ANITERE FLORES

37th District

COMMITTEES:
Communications, Energy, and Public Utilities, *Chair*
Appropriations Subcommittee on Health
and Human Services, *Vice Chair*
Appropriations Subcommittee on Criminal and
Civil Justice
Ethics and Elections
Health Policy
Regulated Industries

SELECT COMMITTEE:
Select Committee on Patient Protection
and Affordable Care Act

December 6, 2012

The Honorable Joseph Abruzzo
Chair of Joint Legislative Auditing Committee
876 Pepper Building
111 W. Madison Street
Tallahassee, Florida 32399-1400

Dear Chairman Abruzzo,

In an effort to preserve the fiscal integrity of our workforce boards I respectfully request that the Joint Legislative Auditing Committee conduct and audit of the South Florida Workforce Board.

The last audit conducted on the South Florida Workforce Board was over 10 years ago. It is important to ensure that best accounting practices are being utilized in conjunction with legislation passed during the 2012 Legislative Session.

Please do not hesitate to contact me should you have any questions. Thank you for your consideration.

Sincerely,

Anitere Flores

CC: Ms. Kathy DuBose, Coordinator, Joint Legislative Auditing Committee

RECEIVED
DEC 10 2012

REPLY TO:

- 10691 North Kendall Drive, Suite 309, Miami, Florida 33176 (305) 270-6550
- 413 Senate Office Building, 404 South Monroe Street, Tallahassee, Florida 32399-1100 (850) 487-5037

Senate's Website: www.flsenate.gov

DON GAETZ
President of the Senate

GARRETT RICHTER
President Pro Tempore



THE FLORIDA SENATE

Tallahassee, Florida 32399-1100

COMMITTEES:
Communications, Energy, and Public Utilities, *Chair*
Appropriations Subcommittee on Health
and Human Services, *Vice Chair*
Appropriations Subcommittee on Criminal and
Civil Justice
Ethics and Elections
Health Policy
Regulated Industries

SELECT COMMITTEE:
Select Committee on Patient Protection
and Affordable Care Act

SENATOR ANITERE FLORES

37th District

January 10, 2013

Mr. Rick Beasley
Executive Director
South Florida Workforce
7300 Corporate Center Drive
Suite 500
Miami, FL 33126-1234

Dear Mr. Beasley:

Thank you for taking the time to meet with me this week. I also understand you met with Chairman Trujillo who is also interested in this issue. I appreciate you providing us baseline information. It is evident you have satisfied the annual external fiscal audit requirement and it appears SFW has complied with GAAP standards. However, as I mentioned at our meeting, I do not believe these audits substantiate compliance with federal and state regulations as it relates to program delivery. The complaints we have received from constituents merit further review and at this time we would appreciate you forwarding us the following information so in turn we can determine our next steps.

- 1- Excel workbook with sheets by program year delineating WIA Adult and Dislocated total dollars expended by student. Include the following columns: last name, first initials, one stop center, educational institution, program of study, tuition, books and supplies. Begin with program year from PY 07-08 to the present. Also include a summary sheet with the following columns: total number of customers who received ITA's for the first time and total dollars expended. This should be an unduplicated count. If a customer received multiple ITA's only count them once.
- 2- A detailed listing of administrative expenses of the administrative entity and an organizational chart representing all headquarter staff.
- 3- Detailed budget of WIA Adult and Dislocated allocations and expenditures of the one-stop centers system.
- 4- WIA Adult and Dislocated ITA Budget and Actual Expenditures from 07-08 to the present.

REPLY TO:

- 10691 North Kendall Drive, Suite 309, Miami, Florida 33176 (305) 270-6550
- 413 Senate Office Building, 404 South Monroe Street, Tallahassee, Florida 32399-1100 (850) 487-5037

Senate's Website: www.flsenate.gov

DON GAETZ
President of the Senate

GARRETT RICHTER
President Pro Tempore

January 10, 2013

Page 2

Our goal like yours is to ensure the workforce in South Florida is served and retooled on an ongoing basis to be most marketable and competitive in today's and tomorrow's job market. We appreciate your cooperation with this matter and trust our work together will afford our constituents these opportunities for a bigger and better future.

Sincerely,

A handwritten signature in black ink that reads "Anitere Flores". The signature is written in a cursive, flowing style.

Anitere Flores
State Senator
District 37

STAFF ANALYSIS

Date: February 13, 2013

Subject: Request for an Audit of the South Florida Workforce Board

Analyst Coordinator

White *DW*

DuBose *KD*

I. Summary:

The Joint Legislative Auditing Committee (Committee) has received a request from Senator Anitere Flores to have the Committee direct an audit of the South Florida Workforce Board, which represents Miami-Dade and Monroe counties. The request stated that it is important to ensure that best accounting practices are being utilized in conjunction with legislation passed during the 2012 Legislative Session (Chapter 2012-29). This legislation, in part, provides specific requirements for the allocation and expenditure of certain Title I funds for Adults and Dislocated Workers.

II. Present Situation:

Current Law

Joint Rule 4.5(1) provides that the Legislative Auditing Committee may direct the Auditor General or the Office of Program Policy Analysis and Government Accountability (OPPAGA) to conduct an audit, review, or examination of any entity or record described in s. 11.45(2) or (3), F.S.

Section 11.45(3)(a), F.S., provides that the Auditor General may, pursuant to his or her own authority, or at the discretion of the Legislative Auditing Committee, conduct audits or other engagements as determined appropriate by the Auditor General of the accounts and records of any governmental entity created or established by law.

Joint Rule 4.5(2) provides that the Legislative Auditing Committee may receive requests for audits and reviews from legislators and any audit request, petition for audit, or other matter for investigation directed or referred to it pursuant to general law. The Committee may make any appropriate disposition of such requests or referrals and shall, within a reasonable time, report to the requesting party the disposition of any audit request.

Request for an Audit of the South Florida Workforce Board

Senator Anitere Flores has requested the Committee to direct an audit of the South Florida Workforce Board (Board), which represents Miami-Dade and Monroe counties. The request stated that it is important to ensure that best accounting practices are being utilized in conjunction with legislation passed during the 2012 Legislative Session.

Discussion with Legislative Staff

Senator Flores' staff indicated that she has received concerns alleging that the Board has disproportionately allocated and expended certain federal funds for administrative costs rather than for training services for individuals seeking jobs as required by state law. Legislation passed during the 2012 Legislative Session provided specific requirements for such allocation and expenditure. An operational audit relating to the use of such funds would assist in determining whether the funds are being allocated and expended as required by state law.

Board Background

Section 445.007(1), F.S., states that "One regional workforce board shall be appointed in each designated service delivery area and shall serve as the local workforce investment board pursuant to Pub. L. No. 105-220, Workforce Investment Act of 1998."

The South Florida Workforce Investment Board (Board) was chartered by the state and is one of 24 regional workforce boards in Florida. Workforce Florida, Inc. (WFI), and the Department of Economic Opportunity (DEO) oversee all regional workforce boards in Florida. The Board has local control and the accountability for overseeing federal- and state-funded workforce development programs in Miami-Dade and Monroe counties. Funds flow from various Federal departments to the state and then from the state to the regional workforce boards.

Prior to 2006, the Board was known as the South Florida Employment and Training Consortium (Consortium) d/b/a the South Florida Workforce and like today, oversaw federal- and state-funded workforce programs. The Consortium was made up of five member governments, Miami-Dade and Monroe counties and the cities of Hialeah, Miami, and Miami Beach. The Consortium's governing board was made up of representatives of the aforementioned governmental entities. The Consortium appointed the members of the Consortium's Board of Directors, who were responsible for approving the annual plan, operating budget and selected One-Stop Career Center Operators, while the administrative staff of the Consortium handled the administrative and program functions.

Subsequently, in March 2006, the Miami-Dade Board of County Commissioners adopted Resolution R-315-06 which approved an Interlocal Agreement between the two chief elected officials of Miami-Dade and Monroe counties. This Interlocal Agreement created the Board and its current administrative structure. Key elements of the Interlocal Agreement include, but are not limited to: the roles and responsibility of the Board and its Executive Director. It also includes provisions for the election of a Chairperson and members of the Board's governing board as required by the Workforce investment Act of 1998.

Functionally, the organization connects human resource managers to qualified workers through a network of One-Stop Career Centers and Youth Opportunity Centers. Centers provide services at no cost to employers and job seekers. Employer services include employee recruiting and screening, career advancement programs for existing staff, and facilitating business incentives. Centers also provide job search assistance for all career levels, information on training

opportunities, and employment assistance for economically disadvantaged adults, youth, dislocated workers, individuals transitioning from welfare to work and refugees.¹

Review of Laws and Policies Relating to Expenditures for Training Services

House Bill 7023 (now Chapter 2012-29, Laws of Florida) provides, in part, that at least 50 percent of the Title I funds for Adults and Dislocated Workers (Workforce Investment Act of 1998 funds) that are passed through to the regional workforce boards are required to be allocated to and expended on Individual Training Accounts (ITA) unless a regional workforce board obtains a waiver from WFI. It further specifies that tuition, books, and fees of training providers and other training services prescribed and authorized by the Workforce Investment Act of 1998 qualify as ITA expenditures.

This law amended section 445.003(3)(a)1., F.S., to reduce the types of expenditures authorized from the ITAs; no change was made to either the 50-percent requirement for ITAs or WFI's authority to grant a waiver from this requirement, which were already in law.

In May 2012, the WFI's Board of Directors approved policies to implement the law change. Costs related to the following items are authorized as qualified training expenditures for ITAs:

- The discrete list of direct training services through providers listed in federal law²
- Work Experience and Internships
- The costs of regional staff directly related to developing, implementing, or coordinating authorized training programs
- Staff costs directly related to developing, implementing, or coordinating training programs for clients participating in training programs leveraged through other grants
- Staff costs for support services for individuals in training, such as case management, and services that are necessary to enable an individual to participate in training activities

In addition, in June 2012, DEO issued DEO FG-074, Final Guidance - Individual Training Account (ITA) Costs Allowable for the 50% Expenditure Requirement. These guidelines are for use by those involved in implementing Workforce Investment Act (WIA) programs and related workforce services. WFI staff assisted in the development of these guidelines.³

Role of the Department of Economic Opportunity (DEO)

¹ South Florida Workforce website, http://www.southfloridaworkforce.com/w/board_History.html

² May include occupational skills training; on-the-job training; programs that combine workplace training with related instruction; training programs operated by the private sector; skill upgrading and retraining; entrepreneurial training; job readiness training; adult education and literacy activities provided in combination with services listed previously; and customized training conducted with a commitment by an employer or group of employers to employ an individual upon successful completion of the training. [P.L. 105-220, s. 134(d)(4)(D)]

³ The WFI policies and DEO guidelines were obtained from WFI staff; they are also available on the respective entity's websites.

Section 445.007(3), F.S., requires the DEO, under the direction of WFI, to assign staff to meet with each regional workforce board (RWB) annually to review the board's performance and to certify that the board is in compliance with applicable state and federal law. Information provided by DEO staff indicates that oversight of the RWBs is provided through at least four mechanisms:

1. Programmatic monitoring by the Division of Workforce Services: focuses on assessing each RWB's compliance with federal and state laws, rules, regulations, and policies; conducted throughout the year.
2. Financial oversight and monitoring by the Division of Finance and Administration, Bureau of Financial Monitoring and Accountability: through contracted reviews performed by a certified public accounting firm; guidance for such reviews is developed by Bureau staff. A review of the expenditures for training services as required by state law will be included as part of these reviews.
3. Audits and investigations by the Office of the Inspector General: conducted primarily in response to issues which arise; can take time to complete, depending on nature of issue.
4. "Single Audits": required by the Federal Government for specific entities that receive federal funds and meet specified thresholds; performed by certified public accountants in accordance with the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; purpose is to provide assurance as to the management and use of federal funds by the entity.

The Office of the Inspector General performs a review of each RWB's Single Audit and issues a Management Decision letter. The Management Decision letters for the fiscal years ended June 30, 2009, through June 30, 2011, state that: (1) there were no findings or questioned costs related to the financial statements, internal controls, or major federal programs' compliance requirements that were required to be reported; and (2) unqualified opinions were issued on the financial statements and on compliance for major federal programs.

Title I Funds for Adult and Displaced Workers

DEO staff provided information relating to these funds as follows:

1. Funds are allocated to the RWBs annually, and they have two years to expend the funds.
2. Funds allocated to the Board for July 1, 2012, to June 30, 2013, (first allocation subject to 2012 law change) are approximately \$17.2 million (\$9.6 million for Adults and \$7.6 million for Displaced Workers). Therefore, approximately \$8.6 million is required to be expended for training by June 30, 2014.
3. Based on the financial information reported by the Board to DEO for the quarter ended September 30, 2012, more than 50 percent of these funds were expended for training.

DEO staff perform quarterly desk reviews on the information submitted by the regional workforce boards.

Financial-Related Information of the Board

The Board has had a financial audit performed annually for at least the past five years, as well as the required audit of Federal awards. Auditor General records indicate that these audit reports were timely submitted to the Auditor General, as required by law. The audit for the 2011-12 fiscal year is in progress; it is due no later than June 30, 2013. Excerpts from the Board's Annual Financial Reports for the fiscal years ended September 30, 2011, and September 30, 2010, are shown in the following table:

	<u>FY 2010-11</u>	<u>FY 2009-10</u>
<u>Special Revenue Fund</u>		
<u>Government Grants and</u>		
Contracts	\$62,007,793	\$66,417,160
Other Revenue	4,960	7,870
Total Revenue	<u>62,012,753</u>	<u>66,425,030</u>
Program Costs	56,373,011	60,772,000
Administration	<u>5,638,749</u>	<u>5,622,608</u>
Total Expenditures	<u>62,011,760</u>	<u>66,394,608</u>
Excess of Revenues Over		
Expenditures	993	30,422
Fund Balance, Beginning	<u>1,929,875</u>	<u>1,899,453</u>
Fund Balance, Ending	<u>\$ 1,930,868</u>	<u>\$ 1,929,875</u>

- Almost all of the revenue received by the Board is from Federal grants.
- There were no audit findings in either audit report. There were also no prior year audit findings noted in the FY 2009-10 audit report.

Other Considerations

Since the Board has two years to expend the Title I funds it was allocated for the 2012-13 fiscal year, full compliance with the funding requirements will not be able to be determined until after the end of the 2013-14 fiscal year. If an audit is conducted sooner, it may be prudent to at least delay the audit start date until after the 2012-13 fiscal year-end and the Board's financial information has been finalized and is readily available for audit.

III. Effect of Proposed Request and Committee Staff Recommendation

If the Committee directs the Auditor General to perform an operational audit focusing on the training funds described above, Committee staff recommends that the Committee allow the Auditor General to set the: (1) scope of the audit, providing that the concerns of Senator Flores are addressed, and (2) timing of the audit as audit resources are available, consistent with his work plan and so as not to jeopardize the timely completion of statutorily mandated assignments.

IV. Economic Impact and Fiscal Note:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

If the Committee directs the audit, the Auditor General will absorb the audit costs within his approved operating budget.

V. Related Issues:

None.

This staff analysis does not reflect the intent or official position of the requestor.
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**Audit Findings Not Corrected
Municipalities and Special Districts**

Audit Findings Not Corrected – Municipalities and Special Districts: Materials Provided

1. **Summary:** Failure to Correct Audit Findings – Special Districts and Municipalities

2. **Audit Findings Reported to the Committee:**
 - Municipalities
 - Special Districts

3. **Notification** from the Auditor General

Failure to Correct Audit Findings Educational Entities and Local Governments

Recent legislation provides the Joint Legislative Auditing Committee (Committee) with the authority to take action against educational and local governmental entities that fail to correct audit findings reported in three successive audits.

Statutory Authority

- **Colleges and Universities:** The Auditor General is required to notify the Committee of any financial or operational audit report prepared pursuant to s. 11.45, F.S., (*reports prepared by the Auditor General*) which indicates that a state university or Florida College System institution has failed to take full corrective action in response to a recommendation that was included in the two preceding financial or operational audit reports. Upon notification,
 - (1) The Committee may direct the governing body of the state university or Florida College System institution to provide a **written statement** to the Committee explaining why full corrective action has not been taken, or, if the governing body intends to take full corrective action, describing the corrective action to be taken and when it will occur.
 - (2) If the Committee determines that the written statement is not sufficient, the Committee may require the chair of the governing body of the state university or Florida College System institution, or the chair's designee to **appear before the Committee**.
 - (3) If the Committee determines that the state university or Florida College System institution has failed to take full corrective action for which there is no justifiable reason or has failed to comply with Committee requests made pursuant to this section, the Committee may proceed in accordance with s. 11.40(2), F.S.¹ [*s. 11.45(7)(j), F.S.*]

- **Other Educational Entities and Local Governmental Entities:** The Auditor General is required to notify the Committee of any audit report prepared pursuant to s. 218.39, F.S., (*reports prepared by private CPAs for audits of school districts, charter schools, counties, municipalities, and special districts*) which indicates that an audited entity has failed to take full corrective action in response to a recommendation that was included in the two preceding audit reports. Upon notification,
 - (1) The Committee may direct the governing body of the audited entity to provide a **written statement** to the Committee explaining why full corrective action has not been taken, or, if the governing body intends to take full corrective action, describing the corrective action to be taken and when it will occur.
 - (2) If the Committee determines that the written statement is not sufficient, the Committee may require the chair of the governing body of the local governmental entity or the chair's designee, the elected official of each county agency or the elected official's designee, the chair of the district school board or the chair's designee, the chair of the board of the charter school or the chair's designee, or the chair of the board of the charter technical career center or the chair's designee, as appropriate, to **appear before the Committee**.
 - (3) If the Committee determines that the audited entity has failed to take full corrective action for which there is no justifiable reason for not taking such action, or has failed to comply with Committee requests made pursuant to this section, the Committee may **proceed in accordance with s. 11.40(2), F.S.** [*s. 218.39(8), F.S.*]
 - **Section 11.40(2), F.S.**, provides that the Committee may schedule a hearing to determine if the entity should be subject to further state action. If the Committee determines that the entity should be subject to further state action, the Committee shall:
 - (a) In the case of a local governmental entity or district school board, direct the Department of Revenue and the Department of Financial Services to withhold any

¹ Current provisions of s. 11.40(2), F.S., do not include any action applicable to colleges and universities.

funds not pledged for bond debt service satisfaction which are payable to such entity until the entity complies with the law. The Committee shall specify the date such action shall begin, and the directive must be received by the Department of Revenue and the Department of Financial Services 30 days before the date of the distribution mandated by law. The Department of Revenue and the Department of Financial Services may implement the provisions of this paragraph.

- (b) In the case of a special district, notify the Department of Economic Opportunity that the special district has failed to comply with the law. Upon receipt of notification, the Department of Economic Opportunity shall proceed pursuant to s. 189.4044 or s. 189.421.
- (c) In the case of a charter school or charter technical career center, notify the appropriate sponsoring entity, which may terminate the charter pursuant to ss. 1002.33 and 1002.34.

Notifications Received from the Auditor General

The Committee received the first notifications from the Auditor General during late 2012. The Auditor General is required by law to conduct audits of state universities, Florida College System institutions, and district school boards.² Also, the Auditor General routinely reviews financial audits of district school boards, charter schools, and local governmental entities that are performed by independent, private CPAs. Based on all of the Auditor General's review of all of these audits, the following is a breakdown of the entities that have failed to correct audit findings for the 2010-11 fiscal year:

Type of Entity	Number with Repeat Audit Findings ³	Total Number of Repeat Findings
Colleges	5	8
Universities	4	12
District School Boards	33	33 95 (corrected after the meeting)
Charter Schools	27 ⁴	27 36 (corrected after the meeting)
Counties	36 ⁵	179 178 (corrected after the meeting)
Municipalities ⁶	153	346 343 (corrected after the meeting)
Special Districts ⁷	137	244 240 (corrected after the meeting)

Action was taken against the shaded entities during the Committee's meeting on February 11, 2013.

Committee Action

If the Committee members decide to take action, the first step is to direct the governing body of each entity (or selected entities) to provide a written statement to the Committee to explain the corrective action that has occurred or is planned or to provide the reasons no corrective action is planned.

² All district school boards are required to have an annual financial audit performed. District school boards in counties with a population less than 150,000 are audited annually by the Auditor General; district school boards in larger counties are audited once every three years by the Auditor General and by a private CPA during the other years.

³ For the purpose of this document, repeat findings are those which have also been reported in the two prior audits; therefore, the auditor has reported these findings a minimum of three times in successive audits.

⁴ These charter schools are located in 19 counties.

⁵ Separate audits are conducted of most County Constitutional Officers (Board of County Commissioners, Tax Collector, Property Appraiser, Clerk of Circuit Court, Supervisor of Elections, and the Sheriff); repeat audit findings were reported for 90 Constitutional Officers in these counties.

⁶ There are 410 municipalities in Florida.

⁷ As of February 14, 2013, there are 1633 active special districts in Florida.

Municipalities

Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the 2010-11 Fiscal Year Audit Report and the Two Preceding Audit Reports¹

	Municipality	County	Audit Finding
A			
	Town of Altha	Calhoun	<p>2009-01 Accounting Policies and Procedures Documentation: The Town did not have an accounting procedures manual that had been finalized and adopted.</p> <p>2009-02 Separation of Duties: Although the size of the Town’s accounting staff prohibits complete adherence to the premise that one employee should not have access to both physical assets and the related accounting records or to all phases of a transaction, certain practices could be implemented to improve existing internal controls without impairing efficiency. These practices include preparation of timely bank reconciliations, with a documented review by a Town council member.</p> <p>2009-03 Bank Reconciliations: Certain accounts had reconciling items, including transfers that had not been made, that were old and outstanding, or did not exist, as well as outstanding checks. Also, bank reconciliations were not prepared timely.</p> <p>2009-04 Monthly Closeout Procedures: The Town did not have any formalized monthly or year-end financial statement closeout procedures. Also, accounting system used does not require a “close” of each month; as a result, transactions can be backdated to the prior period.</p> <p>2009-05 Physical Inventory of Capital Assets: The Town had not taken a complete physical inventory of its capital assets. The Town also did not include an ID number for each capital asset.</p> <p>2009-06 Prepare Financial Statements in Accordance with Generally Accepted Accounting Principles (GAAP) and Significant Adjustments: Financial statements were submitted to the auditor by management that were generated as a by-product of the bookkeeping system. The auditors proposed certain material adjustments to the financial statements, drafted both the financial statements and required note disclosures, and submitted the draft to management for approval.</p>
	Town of Anna Maria		<p>ML009-01 Budgetary Controls – General: The Town included carry forward accounts in its adopted budget, however, after year end, when final funds equities were determined, the Town did not amend the budget to include the appropriate amounts.</p> <p>ML2009-02 Disaster Recovery Plan: The Town does not have current well-defined, written disaster recovery procedures.</p> <p>ML2009-03 Excess Expenditures Over Appropriations: For the year ended September 30, 2011, expenditures exceeded appropriations in several funds.</p>
	City of Apalachicola	Franklin	<p>11-01 Need to comply with Budgetary Requirements: Expenditures should not exceed budgeted amounts.</p> <p>11-02 Separation of Duties: Due to limited accounting staff, the finance director currently has the ability to issue and approve cash disbursements; reconcile the cash account; input, edit, and approve accounting journal entries; and prepare the financial information.</p> <p>11-03 Significant Adjustments to the Financial Records: Adjustments were needed in order for the financial statements to conform with GAAP.</p> <p>11-04 Inadequate Design of Internal Control Over Preparation of Financial Statements: The auditors assisted with the preparation of the financial statements.</p>
	City of Arcadia	DeSoto	<p>11-1 Financial Condition Assessment: The City’s financial condition has disclosed a gradual deterioration in the City’s financial position. The City has suffered a deficiency of revenues under expenditures in the General Fund for 9 of the past 11 years, and the Water and Sewer Enterprise Fund has shown operating losses for the past 11 years.</p> <p>11-2 Rate Covenant: The City did not collect sufficient revenues for the 2010-11 fiscal year to satisfy 125% of the bond service requirement or 100% of all other amounts payable for pledged revenues, as required by bond covenants.</p>

	Municipality	County	Audit Finding
	City of Archer	Alachua	2009-1 Cash Receipts: The auditors found several instances where cash was deposited in excess of one week from being received.
	City of Avon Park	Highlands	2011-1 Financial Statement Adjustments and Preparation: Internal control over financial reporting should be in place to ensure the City is preparing complete and accurate financial statements in accordance with GAAP. The City staff's knowledge and expertise does not currently allow them to perform all of the functions necessary to prepare financial statements and note disclosures in accordance with GAAP. 2011-10 Community Redevelopment Districts: The City's community redevelopment district plans are in certain circumstances ambiguous with the types of expenditures allowed under the plan. In our circumstances, the plans are outdated as it relates to management's current plans with utilization of community redevelopment funds. Consequently, certain expenditures could be interpreted as unallowable.
B			
	Town of Baldwin	Duval	Finding 1: The Town's current internal control over financial reporting is currently limited due to the level of technical accounting knowledge, skill, and experience of the current accounting staff employed by the Town. The auditors draft the financial statements and accompanying note disclosures.
	City of Bartow	Polk	2007-1 Risk Assessment: The City could benefit from a City-wide risk assessment of its internal controls.
	City of Belle Isle	Orange	ML11-02 Internal Controls Over the Preparation of Financial Statements: The City does not have the necessary expertise to draft the financial statements without assistance from the auditors.
	City of Blountstown	Calhoun	2007-01 Separation of Duties: Separation of certain accounting and administrative duties among employees was not considered feasible by the City because of its size and limited number of employees. 2007-02 Deficiency Over Financial Reporting: The City has a capable individual providing bookkeeping services; however, the City does not have an individual on staff with the accounting education and experience to properly record more complex accounting transactions and prepare financial statements in accordance with GAAP.
	City of Bonifay	Holmes	10-01 Financial Statement Preparation Knowledge: Management's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards prohibits the City's personnel from being able to prepare financial statements and note disclosures as required by those standards. 10-03 Analysis of Financial Condition Assessment: The City ended the fiscal year with a deficit in unrestricted net assets for governmental activities and a larger deficit fund balance in the general fund than in the previous fiscal year. 10-04 Water Billing: The City has had difficulty minimizing and accounting for unbilled water consumption. 10-05 Fixed Asset Management Policy: The City does not have a formal written fixed asset management policy. The purpose of such a policy is to ensure the proper accounting and safeguarding of City assets and compliance with law.
	City of Bowling Green	Hardee	11-01 Year End Adjustments: Numerous year-end adjustments were required to correctly reflect the City's financial position and results of operations.
	City of Bradenton Beach	Manatee	Finding 3 Accounting Function: During the course of the audit, it was necessary to record entries to correct account balances and to record accounts payable and accrued revenue.

	Municipality	County	Audit Finding
	City of Bradenton	Manatee	<p>2009-1 Advances To/From Other Funds: The auditors noted that several large advances to/from the various funds of the City. However, this long-term interfund borrowing was being done "interest free."</p> <p>2009-2 New Vendor Set Up: The accounting staff has the capability to set up new vendors, which allows for the possibility that the accounting staff processing vendor invoices for payment could submit fraudulent documentation for a fictitious vendor and remain undetected.</p>
	Town of Briny Breezes	Palm Beach	<p>2007-2 Bank Reconciliations (Separation of Duties): The bank reconciliations are prepared by a Town resident and reviewed and approved by the Town Clerk; however, there was no evidence of the review and approval. The preparer and reviewer should sign off on the bank reconciliations and date them once prepared.</p>
	City of Bristol	Liberty	<p>2011-01 Purchasing: The auditors identified one transaction during the fiscal year where a purchase did not follow the City's procurement policy as the City did not maintain documentation of oral price quotes.</p>
	Town of Bronson	Levy	<p>2009-1 Separation of Duties: Separation of certain accounting and administrative duties among employee was not considered possible because of the limited number of employees.</p> <p>ML2009-1 Fixed Asset Inventory: The Town did not perform an annual physical inventory of its tangible property during the fiscal year.</p> <p>ML2009-2 Water Deposits: The Town has continued the process of reconciling the subsidiary customer deposit balances to supporting documentation. The City needs to complete the reconciliation process as soon as possible and adjust the general ledger account as necessary.</p> <p>ML2009-3 Written Policies: The Town does not currently have detailed written policies and procedures covering areas such as purchasing, utility billing and collection, travel, capital assets, inventory control, and vehicles assigned to employees.</p> <p>ML2009-4 Water and Sewer Fund: The Town's water and sewer fund has not been able to operate self-sufficiently under the current rate structure.</p>
	Town of Brooker	Bradford	<p>Finding #1: Due to limited personnel, the Town does not adequately separate the duties in the accounting department. The same employee should not have access to both physical assets and the related accounting records.</p> <p>Finding #2: The Town does not have someone on staff to prepare the financial statements including disclosures in accordance with GAAP and to record complex adjustments.</p>
	City of Brooksville	Hernando	<p>11-1: The City does not utilize a centralized accounts payable system. Accounts payable balances are established at the time invoices for goods and services are received for payment and, for year-end reporting purposes, are generated based upon staff's review of subsequent disbursements.</p>

	Municipality	County	Audit Finding
	City of Bushnell	Sumter	<p>2011-1 Financial Condition Assessment – Wastewater Fund: The wastewater fund has negative working capital, continues to show a net operating loss, is operating with borrowed funds from both outside sources and through interfund advances from the electric and water fund, and has only a small balance of positive unrestricted cash.</p> <p>2011-2 Financial Condition Assessment – General Fund: The general fund continues to experience a decrease in fund balance wherein revenues and transfers in were less than expenditures and transfers out, causing a decrease in fund balance.</p> <p>2011-3 Purchasing Policy Updates: The City’s current purchasing policy does not directly address the use of P-cards or credit cards. Although the purchasing policy limits follow the City’s policy, the current policy needs to be updated.</p> <p>2011-4 Evergreen Cemetery Perpetual Care – Special Revenue Fund: The auditors recommended that the City obtain legal counsel to determine how the City is to either “restore” the principal to be in compliance with the City code or have the City amend the ordinance to reflect the intent of the Cemetery Board and the City Council for maintaining and preserving the Cemetery Fund. (This finding relates to the implementation of Governmental Accounting Standards Board Statement No. 54 relating to fund balance reporting.)</p>
C			
	Town of Callahan	Nassau	<p>11-1: Since Town has a limited number of personnel, it is not always possible to adequately separate incompatible duties so that no one individual has access to both physical assets and the related accounting records or to all phases of a transaction.</p> <p>11-2: The auditors assisted in the preparation of the financial statements and proposed material adjustments to the Town’s financial statements.</p>
	City of Cape Canaveral	Brevard	<p>2011-07 Investment Policies: The investment policy established by Resolution 2002-25 fails to address all of the requirements listed in law, notably performance measurement, maturity and liquidity requirements, portfolio composition, and risk and diversification.</p>
	City of Carrabelle	Franklin	<p>09-01 Prepare Financial Statements in Accordance with GAAP and Significant Adjustments: There was no one on staff with sufficient knowledge to prepare GAAP-based financial statements. As a result, certain material adjustments were required to be made to the accounting records during the audit process.</p> <p>09-02 Separation of Duties: Due to the size of the City’s accounting staff, it is not possible to completely separate incompatible duties so that no one individual has access to both physical assets and the related accounting records or to all phases of a transaction. However, the auditors recommended certain practices that could be implemented to improve internal controls without impairing efficiency.</p> <p>09-03 General Fixed Assets: The City had not taken a complete physical inventory of property and equipment.</p> <p>09-04 Accounting Manual: The City does not have an accounting procedures manual.</p> <p>09-05 Disaster Recovery Plan: The City does not have current, well-defined, written disaster recovery procedures.</p> <p>09-06 Budgetary Controls: The City adopts its budget for the various funds on the modified accrual basis of accounting. Based upon that budget approach, the City’s expenditures exceeded appropriations in several funds.</p> <p>09-07 Budgetary Control – General: The City did include carry forward amounts in its adopted budget. However, after fiscal year-end when the final fund equities were determined, the City did not amend the budget to include the appropriate amounts.</p>

	Municipality	County	Audit Finding
	City of Cedar Key	Levy	2009-1 Separation of Duties: The City's limited number of available personnel does not always make it possible to adequately separate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records.
	City of Center Hill	Sumter	Finding 5: The accounting system and financial reports of the City are not organized and operated on a fund basis. The City should implement accounting procedures established for governmental entities.
	Town of Century (JLAC staff contacted the AG to get information to clarify deficiency)	Escambia	08-1: There is no written description of duties for accounting personnel that outline the internal controls and procedures. 09-1: Inadequate safeguarding of assets exists in that, although fixed assets are kept on schedules, the process of specifically identifying assets with a "tagging" process is not consistently applied. 09-2: A weakness in internal control exists due to a limited number of personnel to permit an adequate separation of duties consistent with appropriate control objectives. 09-3: Customer deposits in the Enterprise Garbage Fund have not been placed in a restricted account. 09-4: Accounts receivable in the Enterprise Funds are not reconciled to the subsidiary ledger on a periodic basis.
	City of Chiefland	Levy	11-1: The City's limited number of available personnel does not always make it possible to adequately separate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records.
	City of Chipley	Washington	2009-1 Separation of Duties: There is a lack of separation of duties between employees who have record keeping responsibilities and employees in the custody of City assets.
	City of Clewiston	Hendry	2009-1 Internal Control Over Financial Reporting: The City does not currently have professional personnel capable of preparing the financial statements and who have the skills and competencies necessary to prevent, detect, and correct a material misstatement on the financial statements.
	City of Cocoa Beach	Brevard	2010-2: The City lacked sufficient Finance Department staff to design and implement analytical procedures and evaluations to help detect and prevent problems before they become larger.
	City of Cocoa	Brevard	IC2011-01 Allocation of Expenditures: The City is currently in the process of performing a comprehensive cost of service analysis on general fund expenditures in order to support the allocation of expenditures to the Water and Sewer System fund; however, such documentation is not available for the audit period. IC2011-02 Water and Sewer Receivables and Payables: The City bills and collects for utility services of residents of other local governments and remits payments to these governments when payments are received; however, the City's utility billing system does not have an accounts receivable module that incorporates these payables to other local governments. As a result, the City does not reconcile its accounts payable to other governments for amounts collected on their behalf, and no subsidiary records exist for the balances in these accounts.
	City of Coleman	Sumter	Finding 1 Improve Knowledge of Internal Control Over Financial Reporting: The person responsible to the accounting and reporting function lacks the skills and knowledge to apply GAAP in recording the City's financial transactions or preparing its financial statements. Finding 2 Lack of Capital Assets Records and Safeguarding of Assets: The City's procedure for safeguarding property and equipment are inadequate. Finding 3 Lack of Separation of Duties: The small size of the City's accounting staff precludes certain internal controls and separation of duties afforded by a larger staff. The financial manager performs all of the accounting tasks.

Municipality	County	Audit Finding
City of Coral Gables	Miami-Dade	<p>ML05-04 Internal Service Fund: Although progress has been made with the insurance fund and it is operating at a net surplus, the City should continue to review fees charged to the user departments in order to ensure that the benefits being provided more closely equal the fees charged to user departments.</p> <p>ML08-02 Approval of Information Technology (IT) Policies: The City has IT Security Policies and Procedures in place, which are implemented on an operational basis. These policies and procedures, however, have not been officially approved by all the required levels of City Management, specifically the City Attorney.</p>
City of Cottondale	Jackson	<p>03-1: The City has not designed their internal control system to include sufficient separation of duties. Staff members having custody of accounting records also have access to assets.</p> <p>04-1 Budget Preparation: The City did not prepare a budget for the Transportation and Fire Special Revenue Funds as required by State Statute. Also, the City does not use a formal purchasing policy related to what level of purchases require multiple quotes or competitive bids.</p> <p>04-2 Capital Asset Inventory: The City should take periodic inventories of its capital assets.</p> <p>04-3 Excess Funds in Sinking Fund: Based on prior year audit records, the City previously made a deposit to one of the Enterprise bond sinking funds that was not intended to go there. Approximately \$49,000 of this money is still in the sinking fund account.</p> <p>04-4 Volunteer Fire Fund: Accounts are maintained by the City for revenues and expenditures of the Volunteer Fire Department; however, no formal self-balancing fund is maintained.</p> <p>07-1: The City relies on the external auditor to assist with preparing and explaining financial statements in conformity with GAAP.</p> <p>07-3: The City staff was unable to locate several documents supporting expenditures paid by the City. Other records that were missing, or could not be located with reasonable effort, were various utility billing, adjustment and collection reports, and other documents.</p> <p>09-1: The City policies do not require regular reports be generated or reconciliation of the general ledger control accounts to detail records. Insufficient training and supervision also appear to be a significant issue. In addition, there continued to be several smaller posting errors and inconsistencies.</p> <p>09-2: The City did not adequately follow up on problems caused by the numerous major changes in the City's staff, and financial and accounting system, allowing what would have, at best, been a difficult time, to become chaos.</p> <p>09-3: Allocations of revenues related to fuel taxes and other transportation related revenues were posted in a haphazard method between the General Fund and Transportation Fund. Various expenditures, such as payroll and related expenses and professional and contract services, were allocated and posted in a haphazard manner to various funds and departments.</p> <p>09-4: The interfund Due To, Due From, Transfer To, and Transfer From accounts were not in balance. It appears that attempts were made to allocate expenditure and revenues between funds. However, offsetting entries were not made correctly resulting in out of balance situations. This resulted in various payroll accounts being materially overstated requiring adjustment.</p>

	Municipality	County	Audit Finding
	City of Crescent City	Putnam	2008 ML Accounting Procedure Manual: The City has developed a preliminary accounting policy and procedure manual. In order to strengthen controls, a detailed accounting manual should be developed, which also incorporates the new computer software implementation. 2009ML Water and Sewer Inventory: The City has a small amount of inventory in the Water and Sewer Fund which consists of water meters, fittings, pipe, etc. The Public Works employees prepare an inventory listing and try to develop an average cost for each item.
	Town of Cross City	Dixie	11-1: Because of a limited number of available personnel, it is not always possible to adequately separate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records.
D			
	City of Davenport	Polk	11-4: The City records Cost of Living Adjustments (COLA) during the budgeting process and does not update the personnel files with a pay rate change form. However, the budget does not include reserve or temporary employees. Also, there was a data entry error in the supporting budget worksheet.
	City of DeBary	Volusia	2010-01 Written Policies and Procedures: The City has not completely developed written policies and procedures for many of its accounting and other business-related functions. 2010-02 Deficit Fund Balance - Flood Improvement Capital Project Fund: The City began a Flood Improvement Capital Project (FICP) Fund to account for the West Side Emergency Flood Management System. From 2007 through 2010, capital project costs incurred were in excess of the amount of revenues generated. As a result of these excess project costs, FICP Fund reported a cumulative deficit.
	City of Delray Beach	Palm Beach	2009-1: Of the \$264,621 expended by the City for housing rehabilitation, 71% was expended for administration costs, including salaries and benefits for two city building inspectors and a secretary, and overhead costs. The remaining balance was expended for contractor costs for housing rehabilitation. 2009-3: The grant agreement and action plan for a federal grant require that no more the 20% of the overall grant funds can be used for administration; however, City expenditures for administration were 26% of the total grant expenditures. 2011-4 Expenditures Over Appropriations: City expenditures exceeded the final budgeted appropriations for several General Fund functions.
	City of Deltona	Volusia	2009-1 Interlocal Agreement with the Sheriff's Department: The City has entered into an interlocal agreement with the Volusia County Sheriff Department to provide police services to the City. The auditors were unable to identify any type of monitoring tools in place to ensure that the number of staff allocated to the City has remained constant. The documentation that the Sheriff's office provided the City does not state whether or not they were actually working within the City or not.
	City of Doral	Miami-Dade	2009-2 Controls over Capital Assets: The City does not maintain and update a master physical inventory listing of City-wide capital assets. Each department conducts an annual physical inventory, but the departmental records are not reconciled and agreed to a master list. Furthermore, the existing master list lacks sufficient details.
	Town of Dundee	Polk	11-01 Restricted Cash Monitoring Needs Improvement: The procedures in place are not adequate to track the sources and uses of all restricted resources or to monitor compliance with all debt related covenants. 11-02 Internal Control over Budget to Actual Reporting: The internal control procedures over budget-to-actual reporting were not adequate to ensure that budget-to-actual financial reports were materially correct and timely reported to the commission.

	Municipality	County	Audit Finding
	City of Dunedin	Pinellas	<p>IC2010-03 & MLC2009-01 Purchasing Card Usage: The process for requesting an individual's credit limit increase was initiated via phone call from the departmental director to the purchasing manager. The auditors also noted that the City's internal control for approval of expenditures made with a purchasing card is not properly designed because the department director reviews all purchasing card expenditures, including his or her own.</p> <p>MLC2009-03 Cash Collection and Reconciliation: Cash collected at the City's MLK Center and the Highland Pool is routed to the Community Center to be counted and reconciled at that location. This process is conducive for errors or potential improprieties to occur since cash is not reconciled at each respective location.</p>
E			
	City of Edgewater	Volusia	<p>2011-01 Reconciliation of Balance Sheet Accounts: Numerous audit adjustments were required to reconcile balance sheet accounts to supporting documentation. The City should reconcile the general ledger accounts for all balance sheet accounts to supporting documentation on a monthly basis. Reconciliations should be signed or initialed by the preparer so responsibility can be easily determined and provide documentation.</p> <p>2011-02 Information Technology: 1) The City does not have complete documentation relating to IT procedures. 2) Users are not forced to change passwords regularly nor are there any criteria on the strength of passwords. 3) The backups are not stored offsite. 4) Consolidation and organization of the City's various IT hardware would lessen the amount of IT management related tasks.</p> <p>2011-03 Reconciliation of Grant Revenues and Receivables: Several revenues are not being recorded properly. The funding for one project is paid for by both grant and debt proceeds. The entire portion was recorded as grant revenues, and therefore revenues were overstated by the loan portion. When cash was received from a reimbursement, revenues were credited, versus removing the receivable resulting in overstated revenues. In another instance, reimbursement was requested by the department in charge of the grant, but no related revenues or receivable were recorded on the general ledger.</p> <p>2011-06 Calculations of Charges for Services: Certain enterprise fund revenue streams were miscalculated due to improper set up of the City's utility billing system.</p> <p>2011-07 Excess of Expenditures over Appropriations: The General fund's total expenditures and transfers out exceeded appropriations.</p>
	Village of El Portal	Miami-Dade	<p>2006-2 Policies and Procedures Manual: Internal control procedures documented in the manual are not being followed and therefore not effective.</p>
	City of Eustis	Lake	<p>2009-1 Financial Condition Assessment: After making several ongoing expense cuts, the City's General Fund, Water and Sewer Fund, and several other funds budgeted for a decrease in fund equity for the year, due to shrinking revenue availability. Thus these reductions of reserves were provided for in the annual budget and generally, the actual results turned out better than was budgeted.</p>
F			
	City of Fanning Springs	Gilchrist Levy	<p>11-1: Because of the limited number of available accounting personnel, it is not always possible to adequately separate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.</p>
	City of Fellsmere	Indian River	<p>2011-01: Due to the small office environment in which the City operates, and the heavy reliance on the Finance Director, oversight by the City Manager and the City Council is vital to ensuring proper control over the financial reporting process.</p>

	Municipality	County	Audit Finding
	City of Fort Lauderdale	Broward	<p>2011-01 Vendor Screening for Suspension and Debarment (federal): Internal controls with respect to suspension and debarment were not designed or operating effectively as the City's files did not contain evidence that the vendor or the subrecipient, as applicable, was not included on the EPLS and therefore eligible to receive federal funds. There was no evidence that the City had obtained a certification from the entity, or added a clause or condition to the contract with the entity. Additionally, for some vendor transactions, appropriate approval was not documented, and there was no evidence of review or approval for the transaction provided.</p> <p>2011-02 Reporting (federal): The City did not complete or submit certain required federal grant program reports. In addition, some reports submitted were not subjected to a thorough supervisory review to ensure accuracy and completeness, including verification that amounts reported agreed with or were reconciled to the accounting records. Controls and monitoring activities over the preparation of the reports, including supervisory review and approval, are not operating effectively.</p> <p>2011-03 Subrecipient Monitoring (federal): City personnel did not adhere to its subrecipient monitoring policies and procedures or the provisions of OMB Circular A-133.</p> <p>2011-07 Statutory Reporting - SHIP (federal): The financial information included in the Annual Report submitted to SHIP by the City was not reconciled to and did not agree with the general ledger.</p> <p>2011-09 Program Income - CDBG (federal): The City utilizes various spreadsheets to track program income from benefits paid on behalf of participants, real property dispositions, loan repayments, rental income and other sources, which does not track annual activity appropriately and completely.</p> <p>2006-1 Grant Administration (federal): Each department has established its own individual policies and procedures for managing the grants processes and, as such, policies and procedures are not standardized amongst the departments within the City.</p> <p>PY-1 Capital Assets: The City had in excess of \$1 billion as of September 30, 2011, invested in capital assets net of accumulated depreciation. The detail of capital assets is currently maintained in Excel spreadsheets, which increases the risk of error.</p> <p>PY-2 Capital Assets-Physical Inventory: The City has not performed a physical inventory of capital assets for several years.</p>
	City of Fort Meade	Polk	2009-4 Expenditures in Excess of Budgeted Appropriations: Five general fund departments exceeded their department budgets.
	Town of Fort Myers Beach	Lee	<p>IC2009-01 Financial Reporting Process: The Town had the auditors prepare a draft of the financial statements, including related notes to the financial statements.</p> <p>IC2009-02 Current Year Audit Adjustments: The auditors proposed audit adjustments to revise the Town's books at year-end. These adjustments involved the recording of accruals, reclassifications of revenues and disbursements to the proper accounts, fund balance reclassifications and the capitalizing of capital asset purchase.</p>
	Town of Fort White	Columbia	<p>2009-1 Utility Adjustments Report: The Town's water billing software generates a monthly report to document the various adjustments made to customer accounts during the year. The audit revealed that there generally was no evidence of supervisory review and approval of the individual customer adjustments to the water billing transactions.</p> <p>2009-2 Pumped vs. Billed Variances: The auditors noted that the revenues in the Town's Enterprise Fund showed large undocumented gallons variances between the amounts of water pumped and the amounts billed for water usage.</p>
	City of Frostproof	Polk	11-01 Internal Controls over Capital Assets Inventory: The City does not maintain inventory records of assets physically located in each department of the City.

	Municipality	County	Audit Finding
G			
	Town of Glen St. Mary	Baker	11-01: Because of the limited number of available accounting personnel, it is not always possible to adequately separate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.
	City of Graceville	Jackson	06-01: Custody of assets, recordkeeping, and recording of assets should be adequately separated; however, due to the City's size, proper separation of duties may not be feasible. 07-01: The City relies on the external auditor to assist with preparing and explaining financial statements in conformity with GAAP.
	Town of Grand Ridge	Jackson	11-01 Preparation of Financial Statements in Accordance with GAAP and Significant Adjustments: Financial statements that was generated as a by-product of the accounting system were submitted to the auditors by management. The auditors proposed certain material adjustments to these financial statements as a result of the audit, drafted the final financial statements, drafted the disclosures required by professional standards and submitted the draft to management for approval. 2011-01 Disaster Recovery Plan: The Town does not have a plan of action in case its offices should be destroyed by a fire or natural disaster.
	Town of Greensboro	Gadsden	11-01 Preparation of Financial Statements in Accordance with GAAP and Significant Adjustments: A key element of financial reporting is the ability of management to select and apply the appropriate accounting principles to prepare the financial statements in accordance with GAAP. The Town had no one on staff with sufficient knowledge to prepare GAAP-based financial statements. As a result, certain adjustments were required to be made to the accounting records subsequent to the start of the audit process. 11-02 Separation of Duties: The same person within the accounting department handled cash and checks, posted receipt and disbursements to the general ledger, and prepared bank reconciliations. 11-03 Budgetary Controls - General: The Town did include carry forward amounts in its adopted budget; however, when final fund equities were determined, the Town did not amend the budget to include the appropriate amounts. Failure to consider accurate beginning fund equities in the budget diminishes the Town's ability to determine appropriate increases/decreases in revenues and/or expenditures that may be needed for the fiscal year for which the budget is adopted.
	Town of Greenville	Madison	11-01 Significant Adjustments and Preparation of Financial Statements: Financial statements that were generated as a by-product of the accounting system were submitted to the auditors by management. The auditors proposed certain material adjustments to these financial statements as a result of the audit, drafted the final financial statements, drafted the disclosures required by professional standards, and submitted the draft to management for approval.
	Town of Greenwood	Jackson	05-01 Separation of Duties: Separation of certain accounting and administrative duties among employees, which is recommended as an effective internal control procedures, was not adequate. This is due to the limited number of employees and certain incompatible duties being performed by the same employee. 07-01 Preparation of GAAP Based Financial Statements: The Town has a capable individual providing bookkeeping services; however, the Town does not have an individual on staff with the accounting education and experience to properly record more complex accounting transactions and prepare financial statements in accordance with GAAP. Management relies on an outside auditor to prepare their annual financial statements including the note disclosures.

	Municipality	County	Audit Finding
	City of Gulf Breeze	Santa Rosa	<p>2008-1 Capital Asset Balances: In the auditors' testing of the general ledger capital asset control accounts and the subsidiary capital asset balances and other City controls over capital assets, it was noted that the beginning balances in the subsidiary ledger for business-type activities did not agree to the prior year ending balances; capital assets were not consistently classified in the general ledger or in the capital asset system.</p> <p>2008-3 Annual Close-Out and General Ledger Maintenance: The auditors noted instances where balance sheet accounts were not properly adjusted as part of the City's year-end closing.</p>
H			
	City of Haines City	Polk	<p>11-01: Publicly Accessible Email Servers: Publicly accessible email servers are not segmented in an area of the network known as the DMZ. If the email servers are not segmented from the City's network by a DMZ, the threat of a Denial of Service (DoS) attack is increased resulting in access to the network by unauthorized individuals. In addition, the City's network could be targeted and used as a spam relay.</p> <p>11-02: Technology Disaster Recovery Plan: Currently the City does not have a written disaster and recovery plan in place.</p> <p>11-03: Server Room Security: There is no system in place to monitor physical access to the server room. Lack of adequate control of physical access can result in intrusions by individuals with malicious intent.</p>
	City of Hallandale Beach	Broward	<p>2011-01 Internal Control over Financial Reporting: During 2011, Finance Department personnel recorded an entry to properly record a \$2.6 million long-term receivable from a developer in the Community Redevelopment Agency fund that was previously expensed in 2010. As a result, a prior period adjustment was required.</p>
	City of Hampton	Bradford	<p>Finding #1: Due to limited personnel, the City does not adequately separate the duties in the accounting department.</p> <p>Finding #2: The City did not make the monthly transfers into the Sinking Fund bank account and the annual bond payment was made from the operating account.</p> <p>Finding #3: The Water Fund has not been covering its costs without support from the General Fund. The Water Fund has continued to operate at a significant loss even though the water rates were increased recently.</p> <p>Finding #4: The 1979 Bond Resolution requires the City to transfer, on a monthly basis \$45 to a reserve account until this account equals \$5,422, and thereafter whenever such account is less than \$5,422. The current balance in the reserve account is \$146.</p> <p>Finding #5: The bank reconciliations were not always performed in a timely manner. Additionally, some transactions that had not cleared the bank are so old that are not likely to ever clear the bank.</p> <p>Finding #7: The City does not have someone on staff to prepare the financial statements including disclosures in accordance with GAAP and to record complex adjustments resulting in a significant deficiency under professional standards.</p>
	Town of Hastings	St. Johns	<p>11-1: Because of the limited number of available accounting personnel, it is not always possible to adequately separate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.</p> <p>11-2: As part of the audit process it was necessary for the auditors to assist with the preparation of the Town's financial statements, enabling the financial statements to be fairly presented in conformity with GAAP.</p>

	Municipality	County	Audit Finding
	City of Hialeah	Miami-Dade	<p>2007-5 Accounting Policies and Procedures Manual: The City does not maintain a written Accounting Policies and Procedures Manual.</p> <p>2007-6 Capital Assets: During the auditors' testing of capital assets, it was noted that, although the departments perform annual physical inventory counts of capital assets, the reports are not reconciled to the City's capital asset inventory listings.</p> <p>2007-7 Solid Waste Fund Deficit: The Solid Waste enterprise fund had an operating loss. The fees charged to the City by Miami-Dade County for waste disposal have increased; however, there have been no significant adjustments to rates charged to the residents for these services.</p> <p>2009-1 Develop Instructions for Year-end Closing Procedures and Budgeting Process: There were numerous adjusting journal entries provided again after the trial balance was provided for the audit. There were also two prior adjustments recorded during the audit. This again caused delays in the completion of the audit.</p> <p>2009-2 Capital Assets and Compensated Absences Tracking Systems: For compensated absences, the City currently uses two different reports to account for and report compensated absences. A reconciliation had to be performed at year end between the two reports to arrive at the year-end compensated absences accrual.</p> <p>2009-3 Limit Access to Post Journal Entries and Create Accounts in the General Ledger: During the audit it was noted that access to post journal entries and create accounts is not limited to the City's finance department.</p>
	Village of Highland Park	Polk	<p>2011-1 Separation of Duties: Due to the size of the staff, the Village does not properly separate the duties involved with the billing and collection of utility revenues.</p> <p>ML2010-1 Miscoding of transactions: Recording of receipts and disbursements were coded to the wrong general ledger accounts.</p> <p>ML2010-2 Compliance Matters: The Village's General Fund expenditures for the physical environment exceeded its available budget. This over expenditure was primarily due to an increase in maintenance. Although the Village did budget amendments, these two areas were not adjusted adequately.</p>
	City of Hollywood	Broward	<p>IC2011-01 Bank Reconciliations: The auditors noted that 5 of the 15 bank reconciliations selected through-out the year for testing were not prepared and/or reviewed within the two month timeframe.</p> <p>IC2011-02 Procurement Suspension and Debarment (federal): The City's Procurement Policies do not have a system in place that requires the review of vendors who are providing goods and services exceeding to \$25,000 under a federal award, are verified in the EPLS to ensure they are not debarred or suspended by the Federal Government.</p>
	City of Holmes Beach	Manatee	<p>Finding 1 Cross Training: The Treasurer performs most accounting functions and no other employee is trained to perform these functions.</p>
	Town of Howey-in-the-Hills	Lake	<p>11-1: The auditors proposed material adjustments to the Town's financial statements. It was also necessary for the auditor to assist with the preparation of the financial statements and propose adjustments to those statements.</p>

	Municipality	County	Audit Finding
I			
	Town of Indialantic	Brevard	<p>ML2011-01 Assigned and Unassigned Fund Balance - General Fund: The Government Finance Officers Association (GFOA) recommends that a municipality maintain an assigned and unassigned fund balance of no less than one or two months of operating expenditures, not including capital outlay, as a cushion in case of financial emergencies. However, this last documented guidance from the GFOA was dated 2002. Given the abundance of hurricane activity in recent years and the current economic climate, it is our understanding that municipalities are determining that a reserve of three to six months of operating expenditures is more appropriate.</p> <p>ML2011-02 Budgeting: The Town incurred costs that were not approved as a formal budget amendment by the Council. Creating expenditures in excess of budget. This is not in compliance with Section 166.241, Florida Statutes. The Town overspent its budget in the areas of public safety and recreation.</p>
	Town of Inglis	Levy	11-1: Because of the limited number of available accounting personnel, it is not always possible to adequately separate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.
	Town of Interlachen	Putnam	2007-01 Preparation of Financial Statements: A control deficiency exists in instances where the Town is not positioned to draft financial statements and all required disclosures. The situation exists with the Town of Interlachen.
J			
	City of Jacksonville	Duval	ML2011-01 Information Technology: During the audit of IT general controls, the auditors noted the following observations: a) No backup or restoration policy is formally documented to explain policies and procedures in place; b) No information security policy is documented to detail policies over the organizations security program; c) Strong password rules are not configured in Active Directory as it is being phased in; d) No sample evidence was available as to the existence of logs to record administrative changes to the security and financially material application system and database parameters.
	City of Jacob City	Jackson	<p>11-01 Separation of Duties: The City did not have enough personnel to adequately separate incompatible duties.</p> <p>11-02 Audit Adjustments: The auditors proposed certain audit adjustments relating to the posting and reversing of year-end accruals that were material to the overall financial statements.</p> <p>11-03 Unrecorded Bank Accounts: The City entered into multiple state financial assistance agreements with the Florida Dept. of Environmental Protection, U.S. Dept. of Agriculture, and the Dept. of Community Affairs. As a part of these agreements, the City opened separate bank account to collect and disburse funds received from the grantors. The bank accounts were not recorded in the City's general ledger system.</p>

Municipality	County	Audit Finding
Town of Jay	Santa Rosa	<p>11-1 Separation of Duties: The Town office/accounting staff is limited to two employees who are under the direction of the Town Clerk. The Town Clerk's office and Town Council have instituted procedures where they believe checks and balances exist to the greatest extent possible.</p> <p>11-2 Fraud Risk Assessment Documentation: Although management has established a system of internal controls, there is no documentation of an assessment of fraud risks and those controls do not constitute a formal fraud prevention and detection program.</p> <p>11-3 Compliance with Bond Covenants: The Town is not in compliance with the debt covenants, as the water and sewer funds did not generate sufficient revenue in the current fiscal period to cover the operating expenses of the fund and meet the debt service requirements. In addition, the bond agreements call for gross revenues from the water and sewer fund to be maintained in bank accounts separate from other Town funds. The Town currently maintains a single operating account into which the revenues from the general fund and natural gas fund are combined with those of the water and sewer funds. Separate general ledger funds are maintained to separate the balances, but the cash balance is maintained in a single deposit account at the financial institution.</p>
Town of Jennings	Hamilton	<p>11-01: Inadequate separation of accounting duties among personnel. Certain functions are not separated including collection/deposit of cash and recording of cash receipts and general ledger; cash receipts/disbursements and preparation of bank reconciliation; accounts payable and recording of general ledger and payroll processing and general ledger due to limited staff size.</p> <p>11-02: Inadequate design of internal controls over the preparation of financial statements in accordance with GAAP. There was no one on staff with the sufficient knowledge to prepare GAAP-based financial statements. Certain adjustments were required to be made to the accounting records subsequent to the start of the auditing process, and management requested the auditors to prepare a draft of the financial statements, including the related footnote disclosures.</p> <p>11-03: The accounting and internal control oversight policies and procedures of the Town Council are not formalized. Also, accounting and internal control oversight by governance is optimized when at least one audit committee member is a financial expert. The Town Council, which serves as the audit committee for the Town, does not include a financial expert.</p> <p>11-04: Documentation of the components of internal controls is not complete. Adequate written documentation of accounting policies and procedures are not available in the event of employee turnover or absences or for use by governance in fulfilling accounting and internal control duties.</p> <p>Activity in all of the Town's bank accounts needs to be recorded in the general ledger monthly and reconciled to the bank statements.</p>
Town of Jupiter Inlet Colony	Palm Beach	<p>2004-1 Separation of Duties: There is insufficient separation of duties in the accounting department. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.</p> <p>2011-2 Excess of Expenditures Over Appropriations: There were two departments that had expenditures in excess of appropriations.</p>

	Municipality	County	Audit Finding
	Town of Jupiter	Palm Beach	<p>2009-4 Investment Policy: The auditors noted that substantial funds are invested in two money market mutual funds with different financial institutions. Based on the auditors' review of these two money market mutual funds it does not appear that they have been rated by either Moody's or Standard & Poor's and are not collateralized. In addition, one of the funds includes investments in foreign securities with may not be in compliance with the Town's investment policy.</p> <p>2009-5 Information Systems: In order to improve security and safeguard the Town's computer systems and data, the auditors made several recommendations that the Town should consider for implementation.</p>
K			
	City of Key West	Monroe	<p>2007-02 Establish 1) a City-Wide Schedule of Fees, and 2) a Cash Receipts Procedure Manual: 1) The City has substantially completed its City-Wide Schedule of Fees but awaits final review by management and presentation to the City Commission. 2) The City has diverse revenue sources ranging from parking meters/lots, rentals, fines, bus fares, advertising, building permits, sales and utilities services, etc. These revenues are collected at various locations and processed by the Revenue Department. Management should review current practices used to account for each revenue source and establish written processing guidelines. The City continued but has not finalized the process of compiling information to produce a formal cash receipts procedures manual.</p> <p>2007-06 Review and Adjust the Penalty Calculation for Stormwater: The penalty calculation for stormwater is not in compliance with the City's code. The City's code reads as follows: "user fees shall be subject to a five percent per month (not to exceed 25% late fee)". The billing system is assessing a "one-time" five percent penalty charge.</p> <p>2007-07 Unmatched Meters: During the audit, City staff disclosed that unmatched meters to the sewer billing system continues to be an issue.</p> <p>2008-07 Review Collection Procedures-Sewer, Stormwater and Solid Waste Services: Previously and during the current audit, the auditors noted that delinquent accounts receivable balances related to sewer, stormwater and solid waste services continue to increase. Staff cited that the Revenue Department may be understaffed, which may cause delays in collection efforts.</p>
L			
	City of LaBelle	Hendry	<p>2009-1 Internal Controls Over Financial Reporting: The City does not currently have the professional personnel needed to meet the requirements of Statement on Auditing Standards Number 115 (lack skills and competencies necessary to prevent, detect, and correct a material misstatement in its financial statements).</p> <p>ML 1 Utilities Department: Total accounts receivable per the utility billings program does not agree with the general ledger balance.</p> <p>ML 2 Meeting Required Sinking Fund and Reserve Account Covenants Related to Water and Sewer Revenue Bonds, Series 2002 and Series 2005: The Water and Sewer Bonds require the City to deposit monthly into the Sinking fund an amount equal to 1/12 of the interest and principal due on the following Sept 1. There was a shortage of funds in the Sinking Fund and Reserve Account.</p> <p>ML 3 Decrease in Unreserved Fund Balance of Governmental Fund: Over the past three years the unreserved fund balance of the governmental fund has decreased. The City has also budgeted expenditures for the governmental fund in excess of revenues. At the current rate of expenditures the City's deteriorating financial condition could soon create a state of financial emergency.</p>

Municipality	County	Audit Finding
Town of La Crosse	Alachua	<p>Finding #1: Due to the limited personnel, the Town does not adequately separate the duties in the accounting department.</p> <p>Finding #2: The Town does not have someone on staff to prepare the financial statements including disclosures in accordance with GAAP and to record complex adjustments resulting in a significant deficiency under professional standards.</p>
Town of Lake Hamilton	Polk	<p>2009-1: There is a lack of separation of duties. Administrative personnel continue to perform conflicting duties due to a limited number of personnel.</p> <p>2009-2: Enterprise Fund accounts receivable detail had not been reconciled to the general ledger control account. Recordkeeping was insufficient to provide accurate recording of account receivable.</p> <p>2009-3: Water deposits payable were not reconciled to the general ledger account. Recordkeeping was insufficient to provide accurate recording of account receivable.</p> <p>2009-8: Payroll record totals were not in agreement with, and were not reconciled to, the general ledger.</p> <p>2009-10: The Town did not have and continues not to have written policies for many of its accounting systems or departmental functions.</p> <p>2009-11: Several receipts and disbursements were found to be misposted in the general ledger.</p> <p>2009-13: The Town incurred expenditures beyond what was appropriated in the adopted budget in prior years.</p>
City of Lake Helen	Volusia	<p>2008-1 Year-End Closing Procedures: The City has experienced delays in its accounting, financial closing and reporting processes. The lack of accounting staff contributes to delays in processing critical accounting information. The City has continued to experience significant delays in performing critical year-end closing procedures that are essential to both the City's financial reporting requirements and the related independent audit process.</p> <p>2008-2 Cash Disbursements: The City's accounting systems, internal control environment and operating procedures and controls related to the cash disbursement functions are the sole responsibility of a single employee due to the limited number of staff available in the finance area. This condition causes the City to assume substantial additional risks from its lack of ability to appropriately delegate these essential control responsibilities to more than one individual to strengthen administrative oversight and to ensure significant independent review of these functions.</p> <p>2008-3 Property and Equipment Records and Maintenance: The City has not performed a physical inventory of its general and utility fixed assets to determine if the assets actually exist, or are no longer in use. It was also noted, that the City has not developed or employed a formal system to internally account for its investment in capital assets. Instead, the City has relied on externally prepared asset depreciation schedules that do not contain sufficient asset descriptions or provide other essential information that is necessary. These records are separately produced and maintained and they are not integrated into the City's automated financial accounting systems. Instead, the records are updated annually on a manual, batch entry basis.</p> <p>2008-4 Accounts Payable Reconciliation: The City continued to experience significant difficulties in reconciling its computerized accounts payable subsidiary ledger with the general ledger. The auditors noted that numerous accounting entries were posted to the general ledger after the closing of the year-end accounting period. However, no reconciliations have been prepared that separately account for these transactions, or to provide a means to document that these payables were accounted for in the proper accounting period(s).</p> <p>2009-1 Accuracy of Account Postings: The City continues to have significant difficulties in the development of the routine account postings, many of which required audit corrections to ensure accurate financial reporting.</p>

	Municipality	County	Audit Finding
	City of Lake Helen (Con't.)	Volusia	<p>ML2008-1 Managerial Oversight Function: Virtually all of the City's financial transactions are managed and recorded by a single person who is also responsible for maintaining the general ledgers and all subsidiary customer accounts. The City has established and implemented a new series of policies and procedures to manage and oversee the essential accounting requirements. In the process of developing and making these changes, the City's finance personnel faced a significant number of conflicting procedures and priorities, many of which resulted in a growing backlog of current transaction processing, lost and misplaced documentation, and frequent duplication of effort due to the lack of coordinated efforts and oversight.</p> <p>ML2008-02 Uniform Accounting Policies and Procedures Manual: The City has not fully developed a formal written, accounting policies and procedures manual.</p> <p>ML2009-01 Utility Accounts Receivable: The City is continuing to experience difficulty in reconciling the computerized customer accounts receivable subsidiary ledger with the general ledger. Customer account reconciliation procedures should be performed, and reviewed by oversight personnel, on a routine and timely basis.</p> <p>ML2009-02 Interfund Balances: The City deposits virtually all of its collected funds, including utility customer accounts receivable collections, into the General Fund operating bank account, regardless of their source. The City's cash disbursements and other critical financial transactions are made through the General Fund operating account. The City's continued and extensive use of these types of interfund debt obligations makes routine transactions appear extremely complicated, unable to understand, and exceedingly difficult to analyze and track through accounting records.</p>
	Town of Lake Park	Palm Beach	<p>2001-1 Written Policies and Procedures: The Town has made improvements in strengthening the internal control system and in communicating to the employees their responsibilities in the system; however, there has been no formal documentation or codification of the current policies and procedures.</p>
	Town of Lake Placid	Highlands	<p>2010-1 Recording, Reconciling and Monitoring of Financial Transactions: The Town is not adequately recording, reconciling and monitoring general ledger account balances and transactions during the year.</p> <p>ML09-1 Late Fee Charges: The Town has incurred and paid late fees to the Florida Retirement System (FRS) due to paying monthly contributions late. Also, the Town experienced a lapse in health insurance coverage because a monthly payment was not made timely. The late fee occurred because the monthly invoice from the insurance company was not received by the Town.</p> <p>ML10-1 Credit Card Purchases: Purchases made by credit card are authorized by the Town's Administrative & Accounting Procedure Manual and follow the same purchasing procedures as other purchases. Three out of the sixteen purchases selected for audit had no receipt or supporting documentation. In addition, the charges are paid by receipts, and are not reconciled to the credit card statement, which has resulted in unpaid balances which resulted in financial charges and late fees.</p> <p>ML10-2 Purchasing: Of the cash disbursements selected for testing, 27 purchases were made in accordance to the town's established purchasing procedures, 8 payments did not have approvals on the invoice or other supporting documentation, 8 purchases did not have supporting documentation, 2 purchases for repairs because of accidents exceeded the bid threshold and were not approved by Council as an emergency or sole source purchase, and 2 engineering invoices for payment on contact were not reconciled to supporting contracts to ensure amounts were in agreement with contract terms.</p>
	City of Lake Worth	Palm Beach	<p>M08-05 Inventory: An oversight of inventory results in an understatement of expenses as well as an overstatement of net assets.</p>

	Municipality	County	Audit Finding
	City of Lawtey	Bradford	<p>Finding #1: Due to limited personnel, the City does not adequately separate the duties in the accounting department. The same employee should not have access to both physical assets and the related account records.</p> <p>Finding #2: The organization does not have someone on staff to prepare the financial statements including disclosure in accordance with GAAP and to record complex adjustment resulting in a significant deficiency under professional standards.</p> <p>Finding #3: The organization has not established and maintained a sinking fund account pursuant to the loan agreement with the USDA.</p>
M			
	City of Macclenny	Baker	<p>11-1: Because of the limited number of available accounting personnel, it is not always possible to adequately separate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.</p> <p>11-2: As part of the audit process, an external auditors assisted with the preparation of the financial statements and proposed material adjustments to the City's financial statements.</p>
	Town of Malabar	Brevard	2011-2 Water Fund: The water fund lost \$63,331 from operations for fiscal year 2011 and has an unrestricted fund deficit of \$44,652.
	Town of Malone	Jackson	<p>04-01: Custody of assets, recordkeeping, and recording of assets should have adequate separation. Internal controls lack proper checks and balances due to the size of the Town.</p> <p>07-1: The Town relies on the external auditors to assist with preparing and explaining financial statements in conformity with GAAP.</p> <p>Prior Year Finding 1: The water fund revenues do not cover operating expenses.</p>
	City of Marco Island	Collier	2009-11 Accounting Software: The current accounting software cannot produce the reports necessary for account analysis or to provide information user friendly for audit or citizen information requests.
	City of Marianna	Jackson	<p>03-01 Separation of Duties: There is a lack of separation of duties between employees who have recordkeeping responsibilities and employees in custody of city assets.</p> <p>09-01 Bookkeeping: A material adjustment to the allowance for doubtful accounts was needed for Marianna Health and Rehabilitation Center.</p>
	City of Mary Esther	Okaloosa	<p>2009-1 Financial Reporting: Significant audit adjustments were necessary to prepare the annual financial statements. Although the City has designated a capable individual responsible for overseeing the financial statement process, currently, it is not adequately staffed to prepare external financial statements in accordance with GAAP without the assistance of an external auditor.</p> <p>2009-2 Accounting for Capital Assets: Activity recorded in the fixed asset module did not reconcile to the general ledger control accounts. Certain capital purchases were not coded properly using the Uniform Accounting System chart of accounts, thereby understating capital outlay purchases throughout the year.</p>
	City of Mascotte	Lake	ML11-01 Financial Condition of Water Fund: The unrestricted net asset balance of the Water Fund was a deficit of \$507,195 at Sept. 2011. Because of this deficit, the City is close to meeting one of the conditions of Section 218.503(1)(e), F.S., of being in a condition of financial emergency.
	Town of Mayo	Lafayette	2007-1 Pumped vs. Billed Variances: Revenues in the Town's Enterprise Fund continues to show large variances between the amounts of water pumped and the amounts billed to water usage.

Municipality	County	Audit Finding
Town of Medley	Miami-Dade	<p>(A) Licenses and Permit Items: There are a significant amount of manual calculations in the license and permit processes. In addition, there is a lack of supervisory review in the processes. Various licenses and permits were tested and noted the following:</p> <p>(1) Subsidiary ledgers do not interface with the general ledger. Reports cannot be generated.</p> <p>(2) The Town periodically receives cash payments and there are little to no controls over such receipts and the safeguarding of these payments. Amounts received are not consistently posted and deposited daily. 3) One of the quarterly surcharge fee reports submitted to the state was completed inaccurately resulting in an underpayment to the state.</p> <p>(B) Payroll and Compensated Absences Items:</p> <p>(1) In one instance out of fifteen selected, a police officer received incentive pay in error.</p> <p>(2) Balances of compensated absences for five employees were tested and noted the following: (a) In two instances, amounts credited to the employee's compensated absences totals were in excess of the amount they earned. (b) In one instance, an employee was paid comp-time in excess of the amount they had earned. (c) No documentation to support the administrative time accumulated for department heads. (d) The Town's comp-time earning procedures appear to need more detail documentation regarding supervisory approval and manual changes to electronic time clock entry.</p> <p>(C) Other Internal Control Items:</p> <p>(1) Travel and entertainment items: In 4 instances out of 10, there was no supporting documentation for amounts claimed for reimbursement.</p> <p>(2) Grant Administration: The Town does not have a centralized grant administration and reconciliation function for financial or grant required reporting purposes.</p> <p>(3) Supervisory Review: Due to the small size of the entity, there is a lack of separation of duties in some accounting and financial reporting functions. Although quarterly financial statements are provided to the Mayor and the Town Council, they are not approved. Journal entries can be prepared, entered, and posted by one individual without review or approval.</p> <p>(D) Capital Asset Items: The Town does not complete periodic or annual inventories for reconciliation purposes.</p> <p>(E) Water and Wastewater Utility Items: The Town experienced an estimated unaccounted for loss rate of 14% of water purchased while water management standards require such loss to be below 10%.</p> <p>(F) Benefit Plan Items: Certain participants in the Town's 401(a) plans are in non-compliance with the rules related to participant loans from their accounts.</p>
Town of Melbourne Village	Brevard	<p>Comment 003: The amount withdrawn in October 2008, based on the fiscal year ended September 30, 2008, net interest amount, was in excess of the amount allowed. As of September 30, 2011, this amount has not been repaid to the fund.</p> <p>Finding 003 Expenditures over Budgeted Appropriations: Account balances were not updated in a timely manner to permit the proper budgeting of expenditures for the current year final budget. A year-end closing schedule has not been formalized.</p>

	Municipality	County	Audit Finding
	City of Mexico Beach	Bay	<p>11-01: Significant adjustments to the financial records were made in order for the financial statements to conform to generally accepted accounting principles.</p> <p>11-02: Inadequate design of internal control over the preparation of the financial statements being audited gives rise to a significant deficiency in internal control.</p>
	City of Miami	Miami-Dade	<p>2011-02 Capital Assets: 1) The City does not record Neighborhood Stabilization Program (NSP) properties based on cost (appraised value) and does not classify these assets as held for sale; 2) Closed projects were not put into service and depreciated timely; 3) The City recorded adjustments relating to capital assets for errors relating to prior years with a cumulative increase to change in net assets of \$7.6 million.</p> <p>2011-02ML Payroll Processing: The Oracle Human Resource Management System (HRMS) is pre-programmed to automatically approve each employee's hours worked in the event that the employee's supervisor does not approve the hours entered into the HRMS for the pay period in order to avoid delays in processing payroll. This may result in employees being compensated for time not worked.</p> <p>2011-03ML Grant Reimbursements: The City does not request reimbursements for grant expenditures in a timely manner.</p>
	City of Miami Beach	Miami-Dade	<p>2011-1 Self-Insurance Fund Deficit and Actuarial Discount Rate: The City self-insurance fund reported a net asset deficit. The City's self-insurance fund has no assets and does not earn any investment income; as such, it may not be appropriate for the City to use a 4% rate for discounting the loss reserves.</p>
	Town of Miami Lakes	Miami-Dade	<p>2007-01 Budget Amendments: The Town has no effective system in place to monitor compliance with statutory requirements.</p> <p>2008-02 Fixed Assets Register: The Town has no formal detailed records and reconciliation process of fixed assets owned.</p>
	City of Midway	Gadsden	<p>09-01 Prepare Financial Statements in Accordance with GAAP and Significant Adjustments: There was no one on staff with sufficient knowledge to prepare GAAP based financial statements. As a result, certain adjustment had to be made to the accounting records subsequent to the start of the audit process.</p> <p>09-02 Separation of Duties: The size of the City's accounting staff prohibits the separation of incompatible duties.</p> <p>09-03 Supporting Documentation for Cash Disbursements: Supporting documentation could not be located for several cash disbursements.</p> <p>09-04 Budgetary Controls - General: The City included carry forward amounts in its adopted budget. However, after year end, when final fund equities were determined, the City did not amend the budget to include the appropriate amounts.</p>
	City of Milton	Santa Rosa	<p>2008-1 External Financial Reporting: The City designated a capable individual responsible for overseeing the financial statement process, it was noted that existing personnel did not currently have the technical background required, with respect to emerging governmental accounting standards, to produce its external financial statements.</p> <p>2009-1 Purchasing: The City's purchasing policy was not consistently being applied. Items were purchased before the purchase order was approved.</p>
	City of Monticello	Jefferson	<p>11-01 Preparation of Financial Statements: The City is not positioned to draft the financial statements and all required disclosures in accordance with generally accepted accounting principles. The City relies on the external auditors to assist with preparing and explaining financial statements in conformity with GAAP.</p>

	Municipality	County	Audit Finding
	City of Moore Haven	Glades	<p>2011-01 Financial Reporting Process: City management requested the external auditors to prepare a draft of the financial statements, including the related notes to the financial statements.</p> <p>2011-02 Audit Adjustments: The external auditors proposed audit adjustments to revise the City's books at year-end. These adjustments involved the recording of accruals, reclassifications of revenues and disbursements to the proper accounts, and fund balance reclassifications.</p> <p>2011-03 Minutes of Board Meetings for Instrumentalities: Based on the organizational documents for CaPFA Capital Corp. 1998B or Affordable Housing Finance Authority, the members are shall meet no less frequently than annually. No Board of Directors meetings were held during the year; therefore, they are in violation of their organizational documents.</p> <p>ML06-3 Formal Written Purchase Policy: The City does not have its own formal written purchase policy. The City is currently mirroring Section 287.057, F.S., requirement to obtain competitive sealed bid for contracts or purchases or commodities of \$35,000 or more.</p>
N			
	City of New Smyrna Beach	Volusia	2011-2 Uniform Accounting Policies and Procedures Manual: The City's Finance Department has never fully developed a formal written, accounting policies and procedures manual.
	City of Newberry	Alachua	2011-02 Preparation of Financial Statements: The City does not have a system of internal controls that would enable management to conclude the financial statements and related disclosures are complete and presented in accordance with GAAP. Management requested an independent accounting firm to prepare a draft of the financial statements, including journal entries and related footnote disclosures.
	City of Niceville	Okaloosa	2009-1 External Financial Reporting: The City's accounting staff lacks technical training on emerging governmental accounting standards.
	City of North Miami Beach	Miami-Dade	<p>08-02 Material Journal Entries: Various general ledger accounts were not reviewed during the year to determine and record the required adjustments prior to producing the final trail balances.</p> <p>08-03 Financial Records Review and Closing Process: Cash disbursements, cash receipts, and payroll, reconciliations were not signed/initialed by the reviewer as described in the accounting policies of the City. In addition, not all journal entries are approved by a designated member of management.</p> <p>09-03 Upgrade the Accounting System: The financial accounting and reporting system software program used to perform the financial functions and related activity are several years old and out-dated. Also, since that time, growth of the City has resulted in increased financial and operational requirements.</p> <p>09-5 Update Accounting Process and Procedures Manual: The manual was created several years ago and has been supplemented over the years. Some of the procedures are no longer being followed or have been superseded and other procedures have been revised, with handwritten changes and notes in the margins. Overall, the book has evolved into an inconsistent group of documents.</p>

	Municipality	County	Audit Finding
O			
	City of Oak Hill	Volusia	<p>2009-1 Tangible Personal Property Records and Inventory: The City continues to have difficulty in developing and maintaining the records necessary to support the acquisition costs for prior years' qualifying fixed asset purchases. The physical inventory on the City's personal property items could not be completed until such records are generated.</p> <p>2009-2 Separation of Duties: Due to the limited number of staff working with the administrative and finance departments, many of the critical duties are combined and assigned to the available employees. Presently, a single individual performs the majority of the accounting functions.</p> <p>ML2009-1 Uniform Accounting Policies and Procedures Manual: The City has not yet fully developed a formal accounting policies and procedures manual.</p> <p>ML2009-2 Personnel Policies and Procedures Manual: Many of the City's formal policies are subject to varying interpretations by management. The auditor specifically noted several instances where conflict existed between the Manual and the applicable provisions of the Fair Labor Standards Act. The City has made progress in revising the Manual, but has not been completed as of the completion of the audit and has not yet been formally adopted by the City Commission.</p> <p>ML2009-3 Information Technology - Data Backups of Network: The City's email records are effectively backed up on the City's secondary backup server, the auditors continue to be concerned that the backup records are still retained in the same physical location (City Hall).</p>
	City of Oakland Park	Broward	2006-03 Compliance Monitoring: The City had not adopted written policies and procedures governing the accounting and administration of its grant programs.
	Town of Orange Park	Clay	2011-01 Use of Excel Spreadsheets: The Town relies heavily on the use of Excel spreadsheets to calculate depreciation expense and to reconcile capital asset additions.
	Town of Orchid	Indian River	2009-002 Council Oversight and Separation of Duties: The Town lacks proper separation of duties in its accounting function due to the small office environment in which it operates.
	City of Ormond Beach	Volusia	Voided Transactions: The auditors noted that leisure services transactions can be voided by a cashier without approval from a supervisor. It was also noted that no one periodically reviews the voided transactions for reasonableness.
P			
	City of Palatka	Putnam	<p>11-1: The auditors proposed material adjustments to the City's financial statements. It was also necessary to assist with the preparation of the City's financial statements.</p> <p>11-2: Rate covenants on certain debt obligations of the Water, Golf Course and Airport Funds were not met.</p>
	Town of Palm Beach Shores	Palm Beach	2009-01 Separation of Duties: There is insufficient separation of duties in the accounting department.
	City of Panama City	Bay	2007-1 Separation of Duties – Panama City Downtown Improvement Board (component unit): Due to the limited number of people working in the Board office, many duties are combined and assigned to the available employees.
	City of Panama City Beach	Bay	<p>11-01 Separation of Duties: The condition is the result of limited accounting staff and the responsibility of the finance director. The finance director currently has the ability to issue an approve cash disbursements; reconcile the cash accounts; input, edit, and/or approve accounting journal entries and prepare the financial information.</p> <p>11-02 Accounting Policies: Some of the policies have not been updated in several years.</p>

Municipality	County	Audit Finding
City of Parker	Bay	<p>11-01: Significant adjustments to the financial records were necessary in order for the financial statements to conform to GAAP.</p> <p>11-02: Inadequate design of internal control over the preparation of the financial statements being audited gives rise to a deficiency in internal control.</p> <p>11-03: Separation of Duties: Separation of certain accounting and administrative duties among employees was not adequate to reduce the risk of fraud or misappropriation of assets to an acceptable level.</p>
City of Paxton	Walton	<p>2010-03: The City does not enforce and/or does not have personnel with sufficient knowledge to ensure proper documentation is maintained.</p> <p>2011-01: The City does not have personnel with sufficient knowledge to analyze complex transactions to ensure that all transactions were properly recorded in the accounting records or to prepare GAAP based financial statements.</p> <p>2011-02: Due to the small size of the City of Paxton, the accounting and administrative staff are precluded from performing certain internal controls that would be preferred.</p>
Town of Pembroke Park	Broward	<p>2009-3 Purchase Fund Accounting Software: The current setup does not allow for a pooled cash fund which results in significant interfund balances that need to be continually reconciled in order to correctly reflect each funds true cash position. The current accounting software is not optimal for this type of financial reporting.</p> <p>2009-4: Accounts Payable Subsidiary Detailed Listing: The current accounting system does not produce a date sensitive accounts payable detail listing unless it is run at year end. This limitation does not allow the Town to continue operating normally until all payables are vouched into the system which could be for a significant period of time.</p>
Town of Penney Farms	Clay	<p>2011-1 Financial Statement Preparation: Management's lack of knowledge and familiarity with Governmental Accounting and Financial Accounting Standards prohibits the Town's personnel from being able to prepare financial statements and note disclosures as required by those standards.</p>
City of Pensacola	Escambia	<p>ML-2005.01 Management Information Systems - Rotation of Duties: It is encouraged that the department continue to complete implementation of the cross-training program, and once completed, that duties of department personnel be rotated periodically to strengthen controls.</p>
Town of Pierson	Volusia	<p>2008-01 Recording Activity on General Ledger: The Town does not maintain a complete set of financial records. Several bank accounts were identified where the receipt and disbursement transactions are not being included in the Town's books.</p> <p>2008-02 Early Redemption of Bonds: The Council should consider paying off the Water Revenue Bonds as soon as feasible after September 1, 2008. The early redemption penalties expire at that date. This would eliminate \$66,000 annual payment and save the Town over \$600,000 in interest over the life of the bonds.</p> <p>2008-03 Codification of Ordinances: The Town should update the codification of the ordinances. The Town's ordinances have not been codified since 1984.</p> <p>2009-01 Financial Statement Preparation: Management requested the auditors to prepare a draft of the financial statements, including the related notes to the financial statements.</p> <p>2009-02 Separation of Duties: The Town Clerk is responsible to all accounting functions.</p> <p>2009-03 Bank Reconciliations: The Town's bank reconciliations were prepared; however, they were never agreed to the general ledger. There were numerous transactions that were not recorded that required significant adjustments to the cash accounts during the audit.</p>

	Municipality	County	Audit Finding
	City of Plant City	Hillsborough	09-01 Fund Accounting: The City maintains numerous funds and sub-funds. The GASB has consistently discouraged governmental entities from creating too many funds. 09-02 Capital Expenditures: The City does not analyze its capital expenditure accounts and capitalize qualifying amounts as fixed assets, or analyze construction in progress prior to closing its books for the year.
	City of Polk City	Polk	11-01 Utility Billing Subledger Should Be Reconciled to the General Ledger: Management does not periodically reconcile the utility accounts receivable subsidiary ledger to the general ledger control account.
	Town of Pomona Park	Putnam	2009-IC-1 Separation of Duties: Because of the number of personnel in the financial department, there is a lack of separation of duties between employees that prepare the transaction and those that review the transaction.
	Town of Ponce de Leon	Holmes	05-02 Separation of Duties: The Town presently employees only one clerical employee. This individual's responsibilities include billing, collecting, receipting, depositing and recording all cash receipts. 05-04 Sinking and Reserve Fund Deposits: Sewer and Water Bond covenant requires that by the 15 th of each month, 1/12 of the annual principal and interest debt service requirement be deposited into a sewer sinking fund account and a water sinking fund account. All required deposits had been made, but not timely. 07-04 Financial Statement Preparation: The Town lacked experience, background and knowledge of the GAAP standards. 08-05 Accrual Basis of Accounting: The Town keeps its books on the cash basis of accounting. Generally accepted accounting principles require the financial statements to be on the modified accrual basis of accounting.
	Town of Ponce Inlet	Volusia	ML2009-2 Purchase Order System: The Town continues to employ a decentralized procurement system that requires each individual department of initiate all purchases for the acquisition of goods and services. A significant number of purchase commitments were not entered into the Town's internal accounting systems until after the purchase(s) has been consummated. It was not possible for the Town to confirm that a formal pre-approved budgetary review had been performed prior to the approval of the purchase commitment.
	City of Port St. Lucie	St. Lucie	2009-01 Financial Management: The debt service in various funds had expenditures that were in excess of budget.
Q			
R			
	Town of Reddick	Marion	IC2009-1: The Town's knowledge and expertise does not currently allow its staff to perform all of the functions necessary to prepare the financial statements and note disclosures in accordance with GAAP. IC2009-2: The Town has not complied with the tangible personal property rules of the Chief Financial Officer regarding the maintenance of adequate property records and inventory procedures. ML2009-1: Due to the inherent staff limitations, the Town is unable to produce the extensive Management Discussion and Analysis that accounting principles generally accepted in the U.S. has determined necessary to supplement although not required to be a part of the basic financial statements.
	City of Rockledge	Brevard	2009-A Property Control Records: The City lacked comprehensive procedures for tracking detailed information regarding tangible personal property.
S			
	Village of Sea Ranch Lakes	Broward	2006-1 Separation of Duties: The size of the Village's accounting and administrative staff precludes certain internal controls that would be preferred if the office were large enough to provide optimum separation of duties.

	Municipality	County	Audit Finding
	Town of Sewall's Point	Martin	2011-1 Organizational Structure: The size of the Town's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum separation of duties. The Town is in the process of receiving federal grant funds, oversight and internal controls are a significant part of monitoring these funds.
	Town of Sneads	Jackson	00-1: The Town's capital asset records are materially accurate related to cost, date acquired and description. However, they do not provide sufficient required information related to source of funds, restrictions, etc. The deficiency could result in improper use or disposal of equipment or property, possibly in violation of law. 07-1: The Town relies on the external auditors to assist with the preparing and explaining financial statements in conformity with GAAP. 09-1 Purchasing Policies and Procedures: The new policies do not stress documentation of calls for quotes and other data used for purchasing decisions.
	City of Sopchoppy	Wakulla	11-01 Preparation of Financial Statements: The City relies on the external auditors to assist with the preparing and explaining financial statements in conformity with GAAP.
	City of St. Marks	Wakulla	2011-01 Separation of Duties: The same person within the accounting department handled cash and checks and posted receipts and disbursements to the general ledger.
	City of Starke	Bradford	11-01 Fixed Asset Records/Inventory: A physical inventory of the utility system fixed assets was not performed as required pursuant to F.A.C. The City purchased computerized depreciation software, however, schedules of fixed assets the client provided were maintained in an excel worksheet. 11-02 Financial Health of the Utilities System: The utility system has experienced declining revenues for the fourth consecutive year. The City continues to see a decline in unrestricted net assets and meeting cash flow demands has been difficult.
T			
	City of Tampa	Hillsborough	11-1 Financial Statement Close Process: The City has not fully developed effective and efficient period end financial statement close procedures which enable the accurate preparation of the financial statements and related disclosures contained in the CAFR.
	City of Titusville	Brevard	ML2009-1 Marina Fund Financial Condition: Management met to review the operating financial status of the marina, and completed a mid-year review of the cash balance, operating profit and projected results through FYE 2011. As expected in the business plan, the marina has made progress toward reducing its deficit.
	City of Treasure Island	Pinellas	2011-2 Fixed Asset Inventory: It is imperative that the City periodically do a physical inventory of the assets that are listed on the fixed asset report. In addition, the department heads need to provide Finance with proper documentation of any assets that are disposed of or sold during the fiscal year.
U			
V			
	Village of Virginia Gardens	Miami-Dade	2011-5 Inventory of Capital Assets: The Village does not conduct periodic inventories of its capital asset items or write-off items no longer in service.
W			
	City of Waldo	Alachua	2009-1 Credit Card Documentation: There were multiple instances where original receipts were not on file to support amounts charged to credit cards.

Municipality	County	Audit Finding
City of Wauchula	Hardee	<p>Finding 1 Monthly Accounting: The City proposed various adjustments to the financial statements. Adjustments related to year end accruals and accounting for the City's fixed assets, accounts payable, accrued expenses and grants. In addition, the City does not currently have a written monthly or annual closing policy in place.</p> <p>Finding 2 Payroll Function: The payroll function and the human resources function are being performed by one employee, which creates a lack of separation of duties.</p> <p>Finding 3 Utility Billing: The Utility billing clerk continues to have unlimited access to the system, including the ability to make billing adjustments. The cross training for the utility billing function has not been completed.</p> <p>Finding 4 Budgetary Controls: The City's general fund balance continues to decrease. The City should review its current budgeted revenues and expenditures to ensure that expectations remain realistic, and stay within the budgeted amounts.</p>
Town of Wausau	Washington	<p>10-1 Separation of Duties: The Town presently employs only one part-time clerical employee. This individual's responsibilities include billing, collecting, receipting, depositing and recording all revenues. Additionally, she is also responsible for preparing and documenting all disbursements.</p> <p>10-2 Financial Statement Preparation: The Town's finance officer lacks the experience, background and knowledge of the GAAP standards to prepare the Town's financial statements including all note disclosures.</p> <p>10-3 General Fixed Asset Accounting: The Town does not currently have a formal written policy addressing capital asset acquisition, inventory and disposition.</p>
City of West Miami	Miami-Dade	<p>2007-1 Audit Journal Entries: The City's audit required several audit adjustments to prepare GAAP financial statements. The independent auditors assisted the City with the preparation of the financial statements as a convenience because the City has the skills to do so.</p>
City of Wewahitchka	Gulf	<p>05-01 Separation of Duties: Separation of certain accounting and administrative duties among employees, was not considered feasible by the City because of its size and limited number of employees.</p> <p>2007-01 Deficiency Over Financial Reporting: The City has a very capable individual providing bookkeeping services; however, the City does not have an individual on staff with the accounting education experience to properly record more complex accounting transactions and prepare financial statements in accordance with GAAP.</p>
City of Wildwood	Sumter	<p>11-1: The District does not currently have the professional personnel needed to meet the requirements of Statement on Auditing Standards Number 115 (lack skills and competencies necessary to prevent, detect, and correct a material misstatement in its financial statements).</p>
City of Wilton Manors	Broward	<p>2008-01 Strictly Follow Uniform Accounting System: The City's special revenue, capital project, and debt service funds are using different codes than those prescribed in the Uniform Accounting System Manual.</p> <p>2008-02 Update the City's Policies and Procedures: The City's policies and procedures are outdated. Also the City does not have documented policies and procedures on year-end closing procedures and capital assets management and disposal process.</p>
City of Winter Haven	Polk	<p>09-2: Utility billing rates were incorrectly charged to various customers for the year.</p>
City of Winter Park	Orange	<p>2009-01 Use of Service Organizations: The City utilizes several third-party service organizations to support critical financial functions. The organization for the general insurance fund activities did not provide an independent audit of their internal controls.</p>

	Municipality	County	Audit Finding
	Town of Worthington Springs	Union	11-1 Deficiency in Internal Control: Because of the limited number of available personnel, it is not always possible to adequately separate certain incompatible duties. An employee has access to both physical assets and the related accounting records.
X			
Y			
	Town of Yankeetown	Levy	11-1: Because of the limited number of available personnel, it is not always possible to adequately separate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.

NOTES:

1. **Material Weakness:** a deficiency, or combination of deficiencies, in internal control such that there is reasonable possibility that one of the following will not be prevented, or detected and corrected, on a timely basis:
 - a. a material misstatement of the entity's financial statements, or
 - b. material noncompliance with a type of compliance requirement.

For example, a deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement on a timely basis. The severity of the deficiency would determine whether it should be classified as a material weakness, a significant deficiency, or an additional matter.

2. **Significant Deficiency:** less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Special Districts

Failed to Take Full Corrective Action in Response to a Recommendation that was Included in the 2010-11 Fiscal Year Operational Audit Report and the Two Preceding Operational Audit Reports¹

	Special District	County	Audit Finding
A			
	Alligator Point Water Resources District	Franklin	11-01 Preparation of Financial Statements in Accordance with generally accepted accounting principles (GAAP): Staff did not have sufficient knowledge of appropriate accounting principles to prepare the financial statements.
	Anthem Park Community Development District	Osceola	2010- 01 Financial Condition Assessment: District’s financial conditions are deteriorating. Landowner failed to pay its share of assessments, resulting in the District having to use money held on deposit in the Reserve account to make part of its required debt service payments. The Developer has agreed to transfer certain lands and undertake other obligations in exchange for a general release of certain obligations to the District.
	Argyle Fire District	Walton	10-01 Financial Statement Preparation Knowledge: District’s Finance Officer lacks the knowledge, experience, and background of the Government and Financial Accounting Standards “GFAS” to prepare the financial statements. 10-02 Accounts Payable: Timely accounting and recording of accounts payable is not maintained.
	Arlington Ridge Community Development District	Lake	2011-01 Noncompliance: Debt Service Reserve: The District should take steps to replenish the Series 2006A Debt Service Reserve Account when the district incurs unscheduled draws to make scheduled debt service payments. 2011-02 Financial Condition: District’s financial conditions are deteriorating. The District did not have sufficient funds to make certain scheduled debt service payments and, as a result, the payments were not made.
B			
	Baker County Development Commission	Baker	11-1: Inadequate separation of duties. Steps should be taken to separate employee duties so that no individual has access to both physical assets and related accounting records, or all phases of a transaction. 11-2: The Commission borrowed \$40,000 during the FY 2008-09 from the Baker County Chamber of Commerce to help pay for current operating costs of the Commission. As of May 24, 2012, the Commission has paid only \$5,000 on this short-term loan. In accordance with Section 218.503(2), F.S., the Commission should notify the Governor and the Legislative Auditing Committee that it has met two financial emergency conditions set forth in Section 218.503(1), F.S. The Commission should monitor its financial position to ensure funds are available to meet its current and future obligations.
	Baker County Hospital District	Baker	11-1: Inadequate separation of duties. Steps should be taken to separate employee duties so that no one individual has access to both physical assets and related accounting records, or all phases of a transaction.
	Barefoot Bay Recreation District	Brevard	07-04 Accounts Receivable: The District’s sub-ledger of detail listing of receivables did not reconcile to the amounts reported in the District’s general ledger.

¹ These audits have been conducted by private certified public accountants, as required by section 218.39(1), Florida Statutes.

	Special District	County	Audit Finding
	Bay Medical Center	Bay	2011-01 Information Security: Vulnerabilities related to logical access security controls (password aging, complexity, etc.) were identified. Also management does not regularly review current backup jobs.
	Beach Mosquito Control District	Bay	2011-1: The size of the District's accounting and administrative staff precludes certain internal controls that would be preferred if the staff were large enough to provide optimum separation of duties. The Board of Commissioners should remain involved in the financial affairs of the District to provide oversight and independent review functions.
	Belmont Community Development District	Hillsborough	2011-01 Financial Condition Assessment: District's financial conditions continue to deteriorate. Debt service interest payments are not being timely made. In addition, the District reported deficit fund balances in its general fund, debt service fund, and capital projects fund, respectively. 2011-02 Reserve Requirement: The District should make the necessary arrangements to ensure funds are available to comply with the debt service reserve requirement.
	Big Bend Water Authority	Dixie, Taylor	11-1 Separation of duties: Steps should be taken to separate employee duties so that no individual has access to both physical assets and related accounting records, or all phases of a transaction. No finding # given: The Authority incurred an operating loss and had deficit unrestricted net assets at fiscal year-end. It is also experiencing deteriorating financial conditions.
	Blackman Fire District	Okaloosa	2010-01 Improper Use of Restricted Funds: The District should ensure that all disbursements from the impact fee account are eligible purchases as authorized by the governing documents. Comment II Financial Statement Preparation, Knowledge, and Audit Adjustments: The District should improve its knowledge of accounting and required financial reporting.
	Boca Raton Airport Authority	Palm Beach	IC2011-01 Separation of Duties – Cash Receipts, Cash Disbursements, and Payroll: It is recommended that a non-employee verify the bank statement and cancelled checks for propriety. In addition, it is recommended that someone other than the Comptroller review the payroll reports from the outside payroll service on a periodic basis. IC2011-02 Payroll Tax Underreporting: Payroll taxes were underpaid, due to the fact that the calculation of the appropriate taxes was misinterpreted. Recommendation is to engage an outside payroll service to prevent this situation.
	Bolles Drainage District	Hendry	2011-1: The District does not have the professional personnel needed to meet the requirements of Statement on Auditing Standards Number 115 (lack skills and competencies necessary to prevent, detect, and correct a material misstatement in its financial statements).
	Buckhead Ridge Mosquito Control District	Glades	ML2009-1 Improve Knowledge of Internal Control over Financial Reporting: The person responsible for the accounting and reporting functions lacks the skills and knowledge to apply GAAP in recording the entity's financial transactions or preparing its financial statements.
C			
	Campbellton-Graceville Hospital	Jackson	No finding # given; Separation of Duties: Auditors noted a general lack of separation of duties resulting from limited staffing. The Hospital needs to review and revise internal policies and procedures in order to separate custodial and record keeping responsibilities of current staff. No finding # given; Establish Supervisory Review: The auditors noted a general lack of supervisory review of accounting transactions and month-end reconciliations.

	Special District	County	Audit Finding
	Campbellton-Graceville Hospital (Cont.d)	Jackson	No finding # given: The Hospital has experienced declining financial conditions evidenced by operating losses incurred over the past several years and has experienced cash flow problems both during and after fiscal year-end.
	Captiva Island Fire Control District	Lee	<p>2011-01 Financial Reporting Process: District management requested the auditors to prepare a draft of the financial statements, including the related note disclosures.</p> <p>2011-02 Audit Adjustments: It was necessary for the auditors to propose audit adjustments to revise the District's books at fiscal year-end.</p>
	Cedar Key Special Water and Sewer District	Levy	<p>11-1: Inadequate separation of duties. Steps should be taken to separate employee duties so that no one individual has access to both physical assets and related accounting records, or all phases of a transaction.</p> <p>11-2: Inventory items used in the utility operation were not physically counted at fiscal year-end.</p>
	Central Community Redevelopment Agency	Manatee	<p>2011-1 Journal Entries: Monthly financial statements are prepared for the Board in a format that the Board feels is user friendly, and allows them to make informed operating decisions on an ongoing basis. This format is not intended to be in accordance with GAAP. It was necessary for the auditors to propose numerous journal entries in the general ledger in order for it to be in accordance with GAAP.</p> <p>2011-3 Credit Card Documents: Original invoices were not available to support some credit card charges for expenditures.</p>
	Children's Services Council of Okeechobee County	Okeechobee	<p>2010-1 Financial Statement Preparation: The Council's accounting and financial reporting are handled by employees that don't have the training to record transactions and prepare financial statements in accordance with GAAP.</p> <p>2010-2 Lack of Separation of Duties: The Council has two individuals on staff, both on a part-time basis. Accounting and administrative staff precludes certain internal controls that would be preferred if the staff were large enough to provide optimum separation of duties.</p> <p>ML 09-1 Excess Reserves: The Council has not spent all monies that it has appropriated for expenditures, resulting in reserves on hand over \$1,020,000.</p> <p>ML 09-2 Recording Year-end Receivables and Payables: The Council did not record receivables and payables.</p>
	City-County Public Works Authority	Glades	<p>2011-01 Separation of Duties: The Authority does not have adequate separation of the accounting functions due to limited personnel. If additional separation is not feasible, the auditors recommend that Authority management implement oversight procedures to ensure the internal control policies and procedures are being followed by staff.</p> <p>2011-02 Audit Adjustments: It was necessary for the auditors to propose audit adjustments to revise the Authority's books at fiscal year-end.</p> <p>2011-03 Financial Reporting Process: Management requested the auditors to prepare a draft of the financial statements, including the related notes.</p> <p>2011-04 Sewer Connections: The Authority is not collecting revenue on customers that should be connected to the sewer system.</p> <p>ML 2011-01 Policies and Procedures: The Authority does not have their own approved policies and procedures independent of the City of Moore Haven.</p>

	Special District	County	Audit Finding
	Clearwater Cay Community Development District	Pinellas	IC2009-1: The District is not in compliance with certain provisions of its bond indenture including those relating to: 1) levying and collecting assessments to provide payment of debt service, 2) maintaining adequate funds in debt service reserve accounts, and 3) making its semi-annual debt service principal and interest payments.
	Concorde Estates Community Development District	Osceola	11-04 Failure to Make Debt Service Payments When Due: The District did not pay principal and interest due on a bond series. This is due to the Developer's failure to pay debt service assessments to the District.
	Connerton West Community Development District	Pasco	ML11-01 Failure to Make Bond Debt Service Payments When Due: The District is not in compliance with the requirements of the Bond Indenture; it is delinquent on paying bond principal and interest. This is due to the Developer's failure to pay debt service special assessments to the District.
	Coral Keys Homes Community Development District	Miami-Dade	2011-01 Financial Condition Assessment: The District's financial conditions are deteriorating. As reported for the fourth consecutive fiscal year, a portion of the assessments were delinquent as a result of the Developer's failure to pay its assessments.
	Creekside Community Development District	St. Lucie	2011-02 Reserve Requirement: The District's debt service reserve requirement was not met. 2011-03 Financial Condition Assessment: The District's financial conditions continue to deteriorate. The District reported a deficit unassigned fund balances in the general fund and debt service fund. The Developers have essentially stopped funding the District and the future of the project remains uncertain. A significant portion of the assessments levied during fiscal years 2009-2012 remain delinquent. Furthermore, as a result of lack of funds, the District has not been paying operating costs of creditors as they come due.
	The Crossings at Fleming Island Community Development District	Clay	2009-2 Financial Condition Assessment Procedures: A deteriorating financial condition exists with respect to the Golf Course operations. The District has an accumulated net deficit and a negative change in net assets in the Golf Course Fund. In addition, a deteriorating financial condition exists with respect to the General Fund and the Debt Service Fund. The District has significant uncollected assessments related to fiscal years 2010 and 2011.
	Cypress Club Recreation District	Broward [per DEO site, dissolved 11/13/2012]	Finding 1 The District held only one board of directors meeting during 2010-2011. The board of directors should document its fiduciary responsibilities of setting policies and monitoring financial activities.
D			
	Daytona Beach Racing and Recreational Facilities District	Volusia	2010-01 Develop an Operations and Accounting Procedures Manual: The District does not have an operations and accounting procedures manual.
	Delta Farms Water Control District	Indian River	No finding # given; Separation of Duties: There is an inadequate separation of duties; the District utilizes one staff person who is responsible for the majority of all accounting functions.

	Special District	County	Audit Finding
	Disston Island Conservancy District	Glades, Hendry	<p>2011-1 Statement on Accounting Standards: The District does not currently have the professional personnel needed to meet the requirements of Statement of Auditing Standards Number 115 (lack skills and competencies necessary to prevent, detect, and correct a material misstatement in its financial statements).</p> <p>2011-2 Overall Financial Position: The District incurred significant expenditures for repair and replacement of various portions of water control facilities in prior fiscal years, which resulted in a deficit fund balance. The District needed to borrow additional money from another water control district and a local bank in a prior fiscal year. Delinquent assessments are continuing to increase.</p>
	Dog Island Conservation District	Franklin	2009-1 Separation of Duties: The District does not have adequate separation of duties and responsibilities over financial reporting.
E			
	East Niceville Fire District	Okaloosa	<p>11-01: It was necessary for the auditors to propose audit adjustments that dealt with cutoff issues for recording items of revenue and expense in the proper accounting period. These adjustments involved year end accruals for prepaid expenses and accrued liabilities.</p> <p>11-02: The District's accounting and financial reporting are handled by employees that don't have the training or knowledge to record transactions and prepare financial statements; the District must rely on the auditors to assist in preparing its annual financial statements in accordance with GAAP.</p>
	Emerald Coast Utilities Authority	Escambia	2004-01 Information Technology - Documentation and Controls: The small size of the Information Technology (IT) Department places limitations on internal controls that are applicable to the Authority's IT, such as separation of duties, systems documentation, and some computer security procedures.
	Escambia County Health Facilities Authority	Escambia	2005-1 Separation of Duties: There is a lack of separation of duties as one individual performs both custodial and recording functions. To mitigate this, the Authority uses an external accountant to provide financial monitoring and oversight.
	Estates at Cherry Lake Community Development District	Lake	<p>11-01 Failure to Make Debt Service Payments When Due: Debt service assessments are not being paid to the District due to the prior Developer nonpayment of debt service assessments. The District was not in compliance with the requirements of the Bond Indenture and has met a financial emergency condition.</p> <p>11-02 Failure to Meet Reserve Account Requirement: The District is not in compliance with the Trust Indenture requirement to keep a minimum amount in the Debt Service Reserve Account.</p>
F			
	Fellsmere Water Control District	Indian River	2009-1 Separation of Duties: The limited size of the District's staff does not allow for proper separation of duties in each phase of operations.
	Fiddler's Creek Community Development District 1	Collier	2011-02 Reserve Requirement: The District did not meet debt service reserve requirements.
	Flaghole Drainage District	Glades, Hendry	2011-1 Statement on Accounting Standards: The District does not currently have the professional personnel needed to meet the requirements of Statement on Auditing Standards Number 115 (lack skills and competencies necessary to prevent, detect, and correct a material misstatement in its financial statements).

	Special District	County	Audit Finding
	Flagler Estates Road and Water Control District	St. Johns	<p>11-1 Separation of Duties: Steps should be taken to separate employee duties so that no one individual has access to both physical assets and related accounting records, or all phases of a transaction.</p> <p>11-2 Preparation of Financial Statements: It was necessary for the auditors to propose material adjustments to the District's financial statements in order for them to be in compliance with GAAP.</p>
	Forest Creek Community Development District		2007-01: The District has a negative fund balance in the Capital Projects fund.
	Fred R. Wilson Memorial Law Library	Seminole	<p>Item 1 Improve Knowledge of Internal Control over Financial Reporting: The person responsible for the accounting and reporting functions lacks the skills and knowledge to apply GAAP in recording the entity's financial transactions or preparing its financial statements. The basis for this control issue is that the auditors cannot be considered part of the Library's internal control.</p> <p>Item 2 Internal Control: One person has the primary responsibility for most of the financial administration and financial duties. As a result, many of those aspects of internal control which rely upon an adequate separation of duties are missing in the Library.</p>
G			
	Gladeview Water Control District	Palm Beach	2011-1 Statement on Accounting Standards: The District does not currently have the professional personnel needed to meet the requirements of Statement on Auditing Standards Number 115 (lack skills and competencies necessary to prevent, detect, and correct a material misstatement in its financial statements).
	Golden Gate Fire Control and Rescue District	Collier	<p>Significant Deficiency 1: District needs to designate a qualified individual to be responsible for implementation of all applicable Government Accounting Standards Board's new rules and regulations on an annual basis.</p> <p>General Comment 1: The Treasure has taken the lead to perform an oversight function. The Commissioners should be considered as a monitor of internal control.</p> <p>General Comment 2: The cash flow statements and cash flow projections should be used as a planning tool.</p> <p>General Comment 3: The District needs to increase awareness of antifraud culture.</p> <p>General Comment 4: The District needs a fraud risk policy and assessment procedures.</p> <p>General Comment 5: The District needs to perform and document risk assessment of operations and develop mitigating controls to reduce identified risks.</p> <p>General Comment 6: The District needs to establish and adopt a formal written accounting policies and procedures manual.</p> <p>General Comment 7: The District needs to establish a cross training program to handle critical general ledger functions and financial statements reporting.</p> <p>General Comment 8: The District needs to develop a comprehensive three year fleet maintenance plan.</p> <p>General Comment 9: the District needs to implement and adhere to a capitalization policy of property and equipment purchases.</p> <p>General Comment 10: The District needs to develop and adopt a methodology plan of funding reserves in the future.</p>

	Special District	County	Audit Finding
	Gramercy Farms Community Development District	Osceola	2011-03 Financial Condition Assessment: The District's financial conditions continue to deteriorate. The Developer discontinued funding of the District and has subsequently transferred all its land to the SPE. As a result, the District reported a total general fund balance in the deficit. Certain scheduled debt service payments in the current and prior years were not made when due. The District should take the necessary steps to alleviate the deteriorating financial condition.
H			
	Hardee County Industrial Development Authority	Hardee	<p>2009-07 Properly Record Transfers: The Authority transfers cash from bank accounts and later replenished when cash is available. Projects commenced by the Authority were funded by grants from the Economic Development Authority on a reimbursement basis; therefore, it was necessary to transfer cash balances in order to fund the project. Since these were not properly recorded as transfers, this causes revenues and expenses to be inflated.</p> <p>2009-08 Property Owner's Association: A separate general ledger contained property owner's association accounts which were created with the idea that there is a property owner's association in place. Since the property owner's association does not exist as a separate legal entity, the bank balance and transactions must be included in the Authority's audited financial statements.</p> <p>2011-01 Preparation of Financial Statements: Management requested that the auditors prepare the financial statements, including the related notes to the financial statements, as the Authority has no employees and limited resources.</p> <p>2011-02 Inadequate Separation of Duties: The same individual opens the mail, initiates, prepares and disburses checks and also prepares the bank deposits and bank reconciliations. There is also a lack of audit trail, as monthly bank reconciliations are not printed.</p> <p>2011-03 Formal Documented Policies: The Authority does not have formally documented accounting policies and procedures. Formal documented policies were adopted subsequent to fiscal year-end.</p> <p>2011-04 Comply with Florida Statutes Filing Requirements: Annual reporting requirements were not completed on a timely basis. This includes budgets, Qualified Public Depository Forms, and Oaths of Affirmation.</p> <p>2011-05 Material Financial Statement Adjustments: Audit procedures disclosed material audit adjustments that were necessary in order for the financial statements to be in accordance with GAAP.</p> <p>2011-06 Lack of Supporting Documentation: Audit procedures disclosed areas where supporting documentation was not able to be located causing a deficiency in the audit trail.</p>
	Hendry County Hospital Authority (d/b/a Regional Medical Center)	Hendry	2011-01 Annual Closing Process: In some cases, year-end reconciliations identified differences, but did not result in correcting entries to the general ledger or the reconciliation process did not identify certain items connected with appropriate year-end cut off to be recorded in the general ledger.
	Hendry Soil and Water Conservation District	Hendry	2011-1 Statement on Accounting Standards: The District does not currently have the professional personnel needed to meet the requirements of Statement on Auditing Standards Number 115 (lack skills and competencies necessary to prevent, detect, and correct a material misstatement in its financial statements).
	Hendry-Hilliard Water Control District	Hendry	2011-1 Statement on Accounting Standards: The District does not currently have the professional personnel needed to meet the requirements of Statement on Auditing Standards Number 115 (lack skills and competencies necessary to prevent, detect, and correct a material misstatement in its financial statements).

	Special District	County	Audit Finding
	Highland Glades Water Control District	Palm Beach	2011-1 Statement on Accounting Standards: The District does not currently have the professional personnel needed to meet the requirements of Statement on Auditing Standards Number 115 (lack skills and competencies necessary to prevent, detect, and correct a material misstatement in its financial statements).
	Highlands Community Development District	Hillsborough	2011-01 Financial Condition Assessment: The District's financial conditions continue to deteriorate. The District was unable to make certain scheduled debt service payments due to a lack of funds. 2011-02 Reserve Requirement: The District did not meet debt service requirements. 2011-03 Adjusting Journal Entries: It was necessary for the auditors to propose numerous adjusting journal entries to correct bookkeeping errors that should have been made prior to the start of the audit.
	Highlands Soil and Water Conservation District	Highlands	2010-1 Reconciliation of General Ledger Accounts: The District's accounting and financial reporting functions were handled by a contracted bookkeeper who did not have the adequate training and skills in governmental accounting necessary to record transactions and prepare financial statements in accordance with GAAP.
	Homosassa Special Water District	Citrus	ML11-3 Water Loss: Gallons of water billed continues to be considerably less than gallons pumped.
	Housing Finance Authority of Lee County	Lee	2011-01 Financial Reporting Process: Management requested the auditors to prepare a draft of the financial statements, including the related notes to the financial statement due to a limited number of personnel. 2011-02 Audit Adjustments: It was necessary for the auditors to propose audit adjustments to revise the Authority's books at year end; this was due to a limited number of personnel.
	Housing Finance Authority of St. Johns County	St. Johns	11-1 Preparation of Financial Statements: It was necessary for the auditors to propose material adjustments to the Authority's financial statements. It was also necessary for the auditor to assist in the preparation of the financial statements.
I			
	Immokalee Fire Control District	Collier	2008-4 Establish a Record Retention Policy: The District needs to establish a record retention policy; auditors were unable to obtain individual employee time sheets for the audit period. 2008-05 Increase Awareness of Antifraud Culture: The District needs to increase awareness of antifraud culture. 2008-6 A Fraud Risk Policy and Assessment Procedures are Needed by the District: The District needs fraud risk policy and assessment procedures. 2008-7 Establish and Adopt a Formal Written Accounting Policies and Procedures Manual: The District needs to establish a formal written accounting policies and procedures manual. 2008-8 Develop a Comprehensive Three-Year Fleet Maintenance Plan: The District needs to develop a comprehensive three year fleet maintenance plan. 2011-2 District Should Increase Reserves: The District should increase reserves. The declining fund balance, along with the decrease in property values within the District, are contributing to the District's deteriorating financial conditions.
	Immokalee Fire Control District (Cont.d)	Collier	2011-3 Accounting Resources Should Be Increased: Numerous adjustments were necessary for journal entries; the District should assess and monitor the needs of the administrative staff and ensure that there are adequate resources for the accounting function.

	Special District	County	Audit Finding
			2011-9 Board Specified Reporting Requirement Should Be Designed: The Board should establish a policy to require Board members to receive certain minimum information, such as listing of checks written for the month and a monthly trial balance with year to date amounts, etc. SD2008-3 Separate Duties: There is insufficient separation of duties. A single individual prepares checks, reconciles bank accounts, performs all payroll duties and maintains the general ledger. 2008-5 The District needs to designate a qualified individual to be responsible for implementation of all applicable Government Accounting Standards Board's new rules and regulations on an annual basis.
	Immokalee Water & Sewer District	Collier	2010-1 Controls Over Inventory Should Be Monitored and Enhanced: Although the District has made significant improvements in the inventory system over recent years, controls over inventory should be monitored and enhanced.
	Indian River Farms Water Control District	Indian River	2009-1 Separation of Duties: There is an inadequate separation of duties in each phase of operations due to the limited size of the District's staff.
J			
	Jupiter Inlet District	Palm Beach	2009-01 Separation of Duties: There is an inadequate separation of duties; no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction.
K			
L			
	Lakeland Downtown Development Authority	Polk	2009-1 Farmers Curb Market: There was not written documentation of discounts extended to vendors at the Farmer's Curb Market. 2010-1 Internal Control: There is a lack of separation of duties in the Authority's accounting functions.
	Lakeside Plantation Community Development District	Sarasota	ML2007-1: The District failed to maintain the required balance in the Debt Service Reserve Fund.
	Lealman Special Fire Control District	Pinellas	2009-1: The District records activity on the modified cash basis of accounting and relies upon the auditors to record transactions necessary to report at year-end on the accrual basis of accounting. 2009-1: It was necessary for the auditors to prepare a draft of the financial statements, including the related note disclosures.
	Levy Soil and Water Conservation District	Levy	09-01 Separation of Duties: There is an inadequate separation of duties as the District only has one employee; it is not always possible to adequately separate certain incompatible duties such as access to both the physical assets and the related accounting records.
M			
	Marion County Law Library	Marion	2011-1 Separation of Duties: There is an inadequate separation of duties. One employee, the librarian, handles all of the accounting and currently is not able to prepare the financial reports in accordance with the GAAP. Accounting records were not adjusted or analyzed on a regular basis which meant misstatements were not detected.

	Special District	County	Audit Finding
	Matlacha/Pine Island Fire Control District	Lee	2011-01 Financial Reporting Process: Management requested the auditors to prepare a draft of the financial statements, including the related notes. 2011-02 Audit Adjustment: It was necessary for the auditors to propose audit adjustments to revise the District's books at year-end.
	Meadow Pointe IV Community Development District	Pasco	11-01 Failure to Make Bond Debt Service Payments When Due: The District has failed to make bond debt service payments when due, this is because debt service assessments are not being paid to the District due to landowner bankruptcies. 11-02 Failure to Meet Debt Service Reserve Requirements: The District failed to meet debt service reserve requirements.
	Miami-Dade County Industrial Development Authority	Miami-Dade	2010-1 Financial Conditions Assessment: The auditors' financial assessment of the District disclosed several deteriorating and inconclusive financial conditions.
	Midway Fire District	Santa Rosa	2009-1 Year-End Financial Reporting Process: The District relies, in part, on the auditors for assistance with the preparation of annual financial statements and related notes. The auditors also proposed several significant adjustments to the general ledger in order to comply with GAAP.
	Montecito Community Development District	Brevard	2011-01 Reserve Requirement: The District did not meet debt service reserve requirements. 2011-02 Financial Condition Assessment: The District's financial conditions continue to deteriorate. The developer and certain major landowners failed to pay a significant portion of the assessments in fiscal years 2009-2012. As a result, reserve funds were used to partially pay certain required debt service payments.
	Moore Haven Mosquito Control District	Glades	IC2011-03 Separation of Duties: There is an inadequate separation of duties. The District utilizes one staff person who is responsible for the majority of all accounting and administrative functions.
	Municipal Service District of Ponte Vedra Beach	St. Johns	11-1 Separation of Duties: There is an inadequate segregating of duties. The District has a limited number of available personnel and is not always possible to adequately separate incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. 11-2: It was necessary for the auditors to assist with the preparation of the District's financial statements, in order for the statements to be fairly presented in conformity with GAAP.
N			
	New Port - Tampa Bay Community Development District	Hillsborough	2011-01 Financial Condition Assessment: The District's financial conditions continue to deteriorate. The former Developer and Property Owners have ceased to fund the operations of the District, including failure to pay operation and maintenance and debt service assessments as they come due. 2011-02 Reserve Requirement: The District failed to meet the debt service reserve requirement. 2011-03 Compliance: The District did not have sufficient funds in the general fund to finance current fiscal year operations; therefore, money was transferred from the Bond trust account to cover the costs of the District's operations. The District was not able to produce documentation of Bondholder consent for use of the funds in the trust accounts in this manner.

	Special District	County	Audit Finding
	New River Solid Waste Association	Baker, Bradford, Union	11-1 Waiver of Fees – Instance of Noncompliance: The Association continues, without statutory authority, to waive certain fees for nonprofit organizations, other local governments and individuals who were victims of natural disasters. 11-2 Interlocal Agreement – Instance of Noncompliance: The Interlocal agreement does not contain provisions stating the manner in which revenue is to be paid to member counties. Additionally, the interlocal agreement does not address how liabilities and unfunded long-term care costs will be funded if the Association does not have sufficient cash and investments at the time of closure.
	North Bay Fire District	Okaloosa	2011-04 Preparation of Financial Statements in Accordance with GAAP: The employees and management do not possess the qualifications necessary to prepare the District's annual financial statements and notes to the financial statements in accordance with GAAP.
	North Okaloosa Fire District	Okaloosa	2009-1 Separation of Duties: The District has a limited number of available personnel and it is not always possible to adequately separate incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction.
	North Palm Beach Heights Water Control District	Palm Beach	2009-01 Separation of Duties: There is insufficient separation of duties in the accounting department. Steps should be taken to separate employee duties so that no individual has access to both physical assets and related accounting records, or all phases of a transaction. 2009-02 Accounting Records: General ledgers were not maintained for the Special Revenue Fund, or the Debt Service Fund required by the Special Assessments Refunding Bond Issue. 2009-03 Assessments Receivable: The District does not maintain a subsidiary ledger by lot to adequately track the payment made and accrued interest and penalties due on the respective lots for the tax deed certificates it holds. In the past, this has resulted in an underpayment of accrued interest due to the District. 2011-1 Excess of Expenditures Over Appropriations: Several departments had expenditures in excess of appropriations.
	North St. Lucie River Water Control District	St. Lucie	MI2009-1 Lack of Separation of Duties: The size of the District's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum separation of duties. MI2009-2 Improve Knowledge of Internal Control Over Financial Reporting: The person responsible for the accounting and reporting functions lacks the skills and knowledge to apply GAAP in recording the entity's financial transactions or preparing its financial statements.
O			
	Ocean City / Wright Fire Control District	Okaloosa	IC2007-01 Preparation of Financial Statements in Accordance to GAAP: It is necessary for the auditors to propose significant adjustments and to prepare the financial statements as the District's staff lacks the knowledge.
	Okaloosa Island Fire District	Okaloosa	2011-1 Year End Financial Reporting Process: The auditors were requested to draft the financial statements and accompanying notes and also propose several significant adjustments to the general ledger as the District's staff lacks the knowledge.

	Special District	County	Audit Finding
	Okeechobee Soil and Water Conservation District	Okeechobee	<p>2011-1 Lack of Separation of Duties: There is an inadequate separation of duties. The District has only one individual who works within the accounting function. The possibility exists that unintentional errors or irregularities could exist and not be promptly detected.</p> <p>2011-2 Financial Statements: The District does not have personnel with sufficient technical knowledge and training to prepare financial statements in accordance with GAAP.</p> <p>ML10-1 Accrue Receivables and Payables: The District did not accrue receivables and payables at year-end.</p> <p>ML10-2 Approval of Cash Disbursements: The control procedures are not being followed with regard to approval of online payments.</p>
P			
	Palm Bay Community Development District	Hillsborough	2011-01 Reporting and utility rates and receivables: As a result of performing the financial condition assessment procedures it was determined that a deteriorating financial condition exists with respect to the Enterprise Fund operations. As in the prior year and current year, the operating revenues in the water and sewer fund were insufficient to cover the operating expenses, which include depreciation, which is a non-cash item, and maintenance costs.
	Panhandle Public Library Cooperative System	Calhoun, Holmes, Jackson, Washington	07-01: The Cooperative System relies on the external auditors to assist with preparing and explaining financial statements. The auditors cannot be a part of the Cooperative System's internal accounting control over the financial reporting is not sufficient by itself to prevent, detect or correct misstatements in the audited financial statements.
	Parklands Lee Community Development District	Lee	2011-02 Financial Condition Assessment and Debt Service Reserve: The District's financial conditions are deteriorating. A major landowner within the District did not make a portion of their current and prior year assessments. As such, certain scheduled debt service payments were not made resulting in event of default.
	Parrish Fire Control District	Manatee	Finding 1 Year End Adjustments: It was necessary for the auditors to propose some year-end accruals and adjustments.
	Pine Island Community Development District	Lake	11-01 Reserve Account and Shortfall Investment Account Requirement: There is a deficiency in a Bonds Debt Service Reserve Account and Shortfall Investment Account.
	Plantation Acres Improvement District	Broward	2009-1 Separation of Duties: There is an inadequate separation of duties.
	Portofino Cove Community Development District	Lee	<p>2011-01 Reserve Requirement: The Debt Service Reserve requirement was not met as of fiscal year-end.</p> <p>2011-02 Financial Condition Assessment: The District's financial conditions continue to deteriorate. The general fund and debt service fund reported deficit fund balances. The District did not have sufficient funds to make certain scheduled payments when due in the current and prior fiscal years.</p>
	Portofino Isles Community Development District	St. Lucie	<p>2011-01 Financial Condition Assessment: The District's financial conditions continue to deteriorate. The Developer has not paid its share of assessments for the prior, current, and subsequent fiscal years resulting in significant delinquent assessments. As a result, the District did not have sufficient funds necessary to make debt service payments.</p> <p>2011-02 Reserve Requirement: The Debt Service Reserve Requirement was not met as of fiscal year-end.</p>

	Special District	County	Audit Finding
	Portofino Landings Community Development District	St. Lucie	2011-01 Reserve Requirement: Debt Service Reserve requirements were not met as of fiscal year-end. 2011-02 Financial Condition Assessment: The District's financial conditions continue to deteriorate. The Developer failed to pay its assessments resulting in a significant portion of assessments for the year to be delinquent. Two debt service payments were not made, resulting in an event of default. The interest payment on two bond series was not made, resulting in an event of default. Due to the Developer's failure to pay its assessments. In addition, there is a deficit in the capital projects fund due to the Developer's failure to pay certain expenses relating to the project per the completion agreement. The District is economically dependent on the Developer.
	Portofino Springs Community Development District	Lee	2011-01 Reserve Requirement: Debt Service Reserve requirements were not met as of fiscal year-end. 2011-2 Financial Condition Assessment: The District's financial conditions continue to deteriorate. Due to delinquent assessments due from the Developer for the current and prior fiscal years, certain debt service payments in the prior fiscal year were made late and certain debt service payments due in the current fiscal year were not made.
	Portofino Vista Community Development District	Osceola	2011-01 Reserve Requirement: Debt Service Reserve requirements were not met as of fiscal year-end. 2011-02 Financial Condition Assessment: The District's financial conditions continue to deteriorate. Due to the Developer's failure to pay its share of assessments, a significant portion of the assessments for the fiscal year ended were delinquent. Consequently, the District did not have sufficient funds to make the scheduled debt service payments.
Q			
	Quincy-Gadsden Airport Authority	Gadsden	2008-1 Separation of Duties: There is a lack of separation of duties. The Authority does not currently have any full-time employees. Separation of all incompatible duties is not currently feasible.
R			
	Reunion West Community Development District	Osceola	ML11-02 Failure to Meet Reserve Account Requirement: The District did not meet the Special Assessment Revenue Bond reserve requirement.
	Ritta Drainage District	Hendry, Palm Beach	2011-1 Statement on Accounting Standards: The District does not currently have the professional personnel needed to meet the requirements of Statement on Auditing Standards Number 115 (lack skills and competencies necessary to prevent, detect, and correct a material misstatement in its financial statements).
	River Glen Community Development District	Nassau	11-01 Failure to Meet Reserve Requirements: The District is not in compliance with the Trust Indenture; it has failed to keep a minimum amount in the Debt Service Reserve Account. 11-02 Failure to Make Debt Service Payments When Due: The District has met a financial emergency condition; it has not paid principal and interest on a bond series. The Developer has failed to pay debt service assessments and there is a foreclosure on Developer land. . 11-03 Unassigned Deficit Fund Balance: The District has a total unassigned deficit fund balance; this is a financial emergency condition.
	River Place on the St. Lucie Community Development District	St. Lucie	2011-01 Financial Condition Assessment: The District's financial conditions continue to deteriorate. A significant portion of the assessments for fiscal years 2009-2011 were delinquent. In the previous fiscal year, the District was unable to make bond interest and principal payment due, resulting in an event of default. The outstanding principal balance had not been paid by the date of the audit report.

	Special District	County	Audit Finding
	Riverwood Estates Community Development District	Pasco	ML11-01: Bond Debt Service Reserve accounts were deficient at year-end. ML1102: The District did not make the required debt service interest and principal payment on a bond series. The Developer declared bankruptcy and abandoned the project.
S			
	SWI Community Development District	Volusia	2011-01 Chart of Accounts: The District's chart of accounts does not comply with the Uniform Accounting System required by the Department of Financial Services.
	San Carlos Estates Water Control District	Lee	2011-1 Statement on Accounting Standards: The District does not currently have the professional personnel needed to meet the requirements of Statement on Auditing Standards Number 115 (lack skills and competencies necessary to prevent, detect, and correct a material misstatement in its financial statements).
	Sanibel Fire & Rescue District	Lee	2011-01 Financial Reporting Process: District management requested the auditors to prepare a draft of the financial statements, including related notes to the financial statements. 2011-02 Audit Adjustments: It was necessary for the auditors to propose adjustments to revise the District's books at year-end, since the District did not properly reconcile some accounts and, therefore, amounts were incorrectly recorded. Also, the District relies on the auditors to help make certain entries at year end.
	Sebastian River Improvement District	Indian River	No finding # given; Separation of Duties: There is an inadequate separation of duties. The District utilizes one contracted administrative person who is responsible for the majority of all accounting functions.
	Seminole County Port Authority	Seminole	Item 1 Separation of Duties: There is an inadequate separation of duties. Only one person has the primary responsibility for most of the accounting and financial duties. Item 2 Improve Knowledge of Internal Control over Financial Reporting: The person responsible for the accounting and reporting functions lacks the skills and knowledge to apply GAAP in recording the entity's financial transactions or preparing its financial statements.
	Shawano Water Control District	Palm Beach	2011-1 Statement on Accounting Standards: The District does not currently have the professional personnel needed to meet the requirements of Statement on Auditing Standards Number 115 (lack skills and competencies necessary to prevent, detect, and correct a material misstatement in its financial statements).
	Shingle Creek Community Development District	Osceola	IC2009-1: The District is not in compliance with certain provisions of its bond indenture including those relating to: 1) levying and collecting assessments to provide payment of debt service, 2) maintaining adequate funds in debt service reserve accounts, and 3) making its semi-annual debt service principal and interest payments.
	South Bay Community Development District	Hillsborough	2011-02 Debt Service Reserve: Funds from the debt service reserve accounts were used to partial debt obligations and operating expenses, and as of the report date the reserve accounts have not been replenished. 2011-03 Financial Condition Assessment: It was determined that a deteriorating financial condition exists in the District.
	South Seminole and North Orange County Wastewater Transmission Authority	Orange, Seminole	Finding 1. Improve Knowledge of Internal Control over Financial Reporting: The person responsible for the accounting and reporting functions lacks the skills and knowledge to apply GAAP in recording the entity's financial transactions or preparing its financial statements. Finding 2. Separation of Duties: The size of the Authority's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum separation of duties.

	Special District	County	Audit Finding
	Spring Hill Fire Rescue and Emergency Medical Services District	Hernando [dissolved 12/18/90]	2011-01: During the course of the audit, a significant number of adjustments were proposed to the financial statements relating to beginning fund balance and year-end balance sheet accounts. The District should maintain accurate and timely monthly reconciliations of all balance sheet accounts.
	Spring Lake Improvement District	Highlands	2008-1 Lack of Separation of Duties: The size of the District's accounting and administrative staff precludes certain internal controls that would be preferred if the staff were large enough to provide optimum separation of duties. 2009-2 Financial Statements: The District does not have personnel with sufficient technical knowledge and training to prepare financial statements in accordance with GAAP.
	Spring Ridge Community Development District	Hernando	2011-02 Reserve Requirement: The Debt Service Reserve requirements were not met. 2011-03 Financial Condition: The District's financial condition continues to deteriorate. Debt service payments due in the current year were not paid. Further, the debt service fund and the SPE fund reported a deficit fund balance for the fiscal year.
	St. Augustine Port, Waterway and Beach District	St. Johns	11-1: The District has a limited number of available personnel to adequately separate certain incompatible duties so that no one individual has access to both physical assets and the related accounting records, or to all phases of a transaction.
	St. Johns Improvement District	Indian River	No finding # given; Separation of Duties: The District utilizes one staff person who is responsible for the majority of all accounting functions.
	St. Lucie West Services District	St. Lucie	2011-1 Reconciliation and Review of Account Balances: During the audit, it was noted that various accounts and supporting schedules required material adjustments. These included adjustments to construction in progress and the underlying capital asset schedule and adjustments to individual funds to record amortization, deferred revenue, accrued expenses and other items. There were also adjustments to interfund payable and receivable accounts between the general fund and the water and sewer fund due to sharing one operating cash account. 2011-2 Capital Asset Inventory: The District hired a contractor in FY 2007 to perform an inventory of capital assets. However, the inventory listing could not be relied upon due to several discrepancies with historical records. A full reconciliation has not yet been produced. 2011-3 Journal Entries: The District does not have a standard and consistent approval process for journal entries posted to the accounting system. Consequently, an inappropriate or errant journal entry could be entered into the accounting system without proper approval, and therefore be undetected.
	Sterling Hill Community Development District	Hernando	2011-02 Bond Reserve Requirement: As a result of unscheduled draws on bonds to either make debt service payments or pay for costs related to foreclosure process, the reserve requirement was not met.
	Stoneybrook Community Development District	Lee	2011-01 Financial Condition Assessment: As a result of performing financial condition assessment procedures, it was determined that a deteriorating financial condition exists and continues with respect to the enterprise fund golf course operations. In addition, the District did not make prior years and the current year debt service payments.

	Special District	County	Audit Finding
	Sugarland Drainage District	Glades, Hendry	2011-1 Statement on Accounting Standards: The District does not currently have the professional personnel needed to meet the requirements of Statement on Auditing Standards Number 115 (lack skills and competencies necessary to prevent, detect, and correct a material misstatement in its financial statements). 2011-2 Expenditures in Excess or Budgeted Amounts: The District incurred expenditures in excess of the approved budget for the fiscal year.
	Summerville Community Development District	Miami-Dade	2011-01 Financial Condition Assessment: The District's failure to make its scheduled debt service payments when they are due is considered an event of default.
	Sun'n Lake of Sebring Improvement District	Highlands	2011-05 Golf Fund Operations: The golf course and restaurant activities in the golf fund continued to report an operating loss before non-operating revenues and expenses during FY 2010-11.
	Suwannee Water and Sewer District	Dixie	11-1: The District has a limited number of available personnel. It is not always possible to adequately separate certain incompatible duties so that no one employee has access to both physical assets and the related accounting records, or to all phases of a transaction. 11-2: The District does not have complete, detailed records of all its property and equipment. 11-3: The auditors proposed material adjustments to the District's financial statements. It was also necessary for the auditors to assist with the preparation of the District's financial statements.
T			
	Taylor County Development Authority	Taylor	2011-01 Maintain Fixed Asset Records: At the present time, fixed asset records are not maintained by the Authority. Several fixed assets were not included on the inventory of fixed assets list. 2011-02 Accounting Policies and Procedures: The Authority does not have a written accounting policies and procedures manual. 2011-03 Budget: The budget was not amended to reflect changes in requirements. There were no minutes to reflect variations in budget versus actual and amendments to the budget. 2011-04 Investment Policy: The Authority does not have a formal investment policy.
	Tern Bay Community Development District	Charlotte	IC2009-01: The District is not in compliance with certain provisions of its Bond Indenture including those relating to: 1) collecting assessments to provide payment of debt service, 2) maintaining adequate funds in debt service reserve accounts, and 3) making its semi-annual debt service principal and interest payments. No finding # given: The District failed to make its debt service payments in 2009, 2010, and 2011 and is experiencing deteriorating financial conditions.
	Tison's Landing Community Development District	Duval	2009-1: The District's prior year finding relating to the reserve balances on hand and the reserve requirements has not been corrected.
	Tohopekaliga Water Authority	Osceola	2009-01 (this # listed 5 times in Auditor General chart) Organizational Changes and Their Effect on Internal Controls: The Authority continues to progress from its reliance on third parties to provide various administrative and operational functions. While the finance department has addressed all of the significant changes to the accounting and reporting environment and updated policies and procedures that were impacted by the operating changes, these changes and updates were implemented throughout the year and were therefore not available to be fully tested. Such testing is expected to occur in the next fiscal year.

	Special District	County	Audit Finding
	Trailer Estates Fire Control District	Manatee	2009-01: The person responsible for the accounting and reporting functions lacks the skills and knowledge to apply GAAP in preparing its financial statements.
	Trailer Estates Park & Recreation District	Manatee	2011-01 Audit Adjustments: The District is responsible for accurate financial reporting which includes detecting and preventing misstatements in the financial statements, as well as within the underlying financial records. As noted in the prior year audit, several audit adjustments were necessary for the fair presentation of the financial statements.
	Trails Community Development District	Duval	2011-01 Financial Condition Assessment: The District's financial conditions are deteriorating. A former major landowner and the Developer failed to pay their share of assessments in the prior and current fiscal years. As a result, the District failed to make certain required debt service payments during the current and prior fiscal years. In addition, the general fund reported a deficit fund balance at the end of the fiscal year. 2011-02 Reserve Requirement: The Debt Service Reserve requirement was not met at fiscal year-end.
	Treeline Preserve Community Development District	Lee	2011-01 Financial Condition Assessment: The District's financial conditions continue to deteriorate. Due to the Developer's failure to pay the fiscal year assessments, a majority of the assessments remain delinquent. Furthermore, during a prior fiscal year, an event of default was declared due to the District's incapability to fulfill its obligations under the Bond Indenture, a condition that continues to exist. The District reported a deficit fund balance in its debt service fund. Due to the Developer's failure to pay its assessments, interest payment was not made. The failure by the District to pay its debt service is considered an event of default.
	Tri-County Airport Authority	Holmes, Jackson, Washington	03-02: Separation of Duties – The Authority has a one-person bookkeeping system. 07-01: Financial Reporting – The Authority relies on the external auditors to assist with preparation and explaining financial statements in conformity with GAAP.
	Twelve Oaks Special District	Hillsborough	2009-1: In the prior year, instances were found in which the expenditures exceeded the legally authorized budget amount, that the Trustees did not amend the budget during the year, and that there is not integration of the budget within the monthly financial reporting. In the current year, the Board did amend the budget in order to eliminate line items that exceeded the budget amounts. However, the District continued to spend amounts in excess of the legal authorization throughout the year until such amendment.
U			
	Upper Captiva Fire Protection and Rescue Service District	Lee	2011-01 Financial Reporting Process: Due to the limited number of personnel, District management requested the auditors to prepare a draft of the financial statements, including related noted to the financial statements. 2011-02 Audit Adjustments: The auditors proposed audit adjustments to revise the District's books at year-end. These adjustments involved the recording of accruals, reclassifications of revenues and disbursements to the proper accounts, and fund balance reclassifications. In addition, it was noted that entries were necessary to record prior year audit adjustments that were not made to the District's accounting records. 2011-03 Impact Fees Not Being Recorded: Impact fees received by the District were not properly recorded in the accounting records. In addition, it was noted that the bank account reconciliation for the impact fees account was not being performed.
V			

	Special District	County	Audit Finding
	Villages of Avignon Community Development District	Manatee	(No finding #s given) The following three findings relate to the District's deteriorating financial conditions. Debt Service Reserve Requirement: The District is required to maintain a certain balance in the Debt Service Reserve Fund. The requirement has not been met for the Series 2007 Bonds; the Reserve Fund was underfunded as of September 30, 2010. Debt Service Payments: The District failed to make debt service payments in 2008, 2009, and 2010 as a result of a lack of funds. Deficit Fund Balance: The General Fund has had a deficit fund balance since FY 2007-08 as a result of the Developer not paying amounts owed to the District.
W			
	Waters Edge Community Development District (Manatee County)	Manatee	2009-01: The District has a government-wide net assets deficit as of September 30, 2010 and 2011. Also, in these fiscal years, the General Fund also showed a negative fund balance. The deficits in the government-wide statement of net assets and general fund primarily relate to expenses or expenditures (debt service related and operations) in excess of revenue.
	Waterford Estates Community Development District	Charlotte	IC2009-01: The District is not in compliance with certain provisions of its bond indenture including those relating to: 1) levying and collecting assessments to provide payment of debt service, 2) maintaining adequate funds in debt service reserve accounts, and 3) making its semi-annual debt service principal and interest payments.
	Westgate / Belvedere Homes Community Redevelopment Agency	Palm Beach	2008-5 Accounting/Finance Function: The Agency's accounting/finance function is presently performed by the Redevelopment Specialist, among various other duties, who has limited accounting/finance education or experience necessary to complete all financial reporting processes. 2008-7 Rental Activities: The Agency did not properly record rental income and expenses in the financial statements. Rental income was sometimes reported net of expenses paid. Therefore, rental income appeared understated.
	Withlacoochee Regional Water Supply Authority	Citrus, Hernando, Marion, Sumter	2009-1 Separation of Duties: The primary weakness in the Authority's internal control is a lack of separation of incompatible finance and accounting duties.
	The Woodlands Community Development District	Sarasota	2011-01 Financial Condition Assessment: The District's financial conditions continue to deteriorate. Major landowners failed to pay their share of assessments. As a result, the District did not make part of its required debt service payments. In addition, the general and debt service funds reported deficit fund balances at the end of the fiscal year and the general fund has outstanding payables exceeding 90 days. 2011-02 Reserve Requirement: The Debt Service Reserve requirement was not met.
	World Commerce Community Development District	St. Johns	2011-02 Financial Condition Assessment: The District met certain financial emergency condition in the current and prior fiscal years. The Developer failed to pay its share of assessment, as a result the District failed to make all its required debt service payments during the 2009, 2010, and 2011 fiscal years. In addition, certain debt service payments were made by draws on the reserve account. However, subsequent to the end of the current fiscal year, delinquent assessments were received and past due debt balances were paid.

	Special District	County	Audit Finding
	Wyld Palms Community Development District	Citrus	IC2009-1: The District is not in compliance with certain provisions of its Bond Indenture including those relating to: 1) levying and collecting assessments to provide payment of debt service, 2) maintaining adequate funds in debt service reserve accounts, and 3) making its semi-annual debt service principal and interest payments. No finding # given: The District failed to make debt service payments in 2010 and 2011 and is experiencing deteriorating financial conditions.

NOTES:

1. **Material Weakness:** a deficiency, or combination of deficiencies, in internal control such that there is reasonable possibility that one of the following will not be prevented, or detected and corrected, on a timely basis:
 - a. a material misstatement of the entity's financial statements, or
 - b. a material noncompliance with a type of compliance requirement.

For example, a deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement on a timely basis. The severity of the deficiency would determine whether it should be classified as a material weakness, a significant deficiency, or an additional matter.

2. **Significant Deficiency:** less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Dubose, Kathy

From: DAVID WARD <DAVIDWARD@AUD.STATE.FL.US>
Sent: Thursday, December 13, 2012 4:44 PM
To: ABRUZZO.JOSEPH
Cc: Dubose, Kathy; White, Deborah
Subject: 2010-11 FY Notification Pursuant to Section 218.39(8), Florida Statutes
Attachments: 2010-11 FY notification pursuant to Section 218.39(8), Florida Statutes.xlsb

Section 218.39(8), Florida Statutes, requires the Auditor General to notify the Legislative Auditing Committee of any audit report prepared pursuant to Section 218.39, Florida Statutes, which indicates that an audited entity has failed to take full corrective action in response to a recommendation that was included in the two preceding financial audit reports.

This email is sent to notify you of those local governmental entities for which the 2010-11 fiscal year audit report disclosed that the entity failed to take full corrective action in response to one or more recommendations included in the two preceding financial audit reports. Please see the attached document containing the name of the local governmental entity and a reference to the recurring finding(s).

David T. Ward, CPA

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Auditor General, State of Florida
111 West Madison Street, 401A
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Office (850) 488-0960
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In the event your response contains information that may be considered sensitive or confidential pursuant to Federal or State law, please do not send that information via e-mail. Please contact me to make alternative arrangements to provide the information.

LOCAL GOVERNMENTAL ENTITIES THAT FAILED TO TAKE FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION THAT WAS INCLUDED IN THE 2010-11 FISCAL YEAR AUDIT REPORT AND THE TWO PRECEDING AUDIT REPORTS

Entity	Constitutional Officer (for Counties)	Finding Number	Page Number (1)	Revision or Addendum (2)
SPECIAL DISTRICTS				
Alligator Point Water Resources District		11-01	20	No
Anthem Park Community Development District		2010-01	35	Yes
Argyle Fire Control District		10-01	22	Yes
		10-02	22	
Arlington Ridge Community Development District		2011-01	31	No
		2011-02	31	
Baker County Development Commission		11-1	26	No
		11-2	26	
Baker County Hospital District		11-1	25	No
Barefoot Bay Recreation District		07-04	34	No
Bay Medical Center		2011-01	9 Comp. Report	No
Beach Mosquito Control District		2011-1	30	No
Belmont Community Development District		2011-01	31	No
		2011-02	31	
Big Bend Water Authority		11-1	23	No
		No finding number given.	18	
Blackman Fire District		2010-01	34	Yes
		Comment II	39	
Boca Raton Airport Authority		IC 2011-01	31	No
		IC 2011-02	32	
Bolles Drainage District		2011-1	23	No
Buckhead Ridge Mosquito Control District		ML 2009-1	18	No
Campbellton-Graceville Hospital		No finding number given.	29	No
		No finding number given.	29	
		No finding number given.	30	
Captiva Island Fire Control District		2011-01	33	No
		2011-02	33	
Cedar Key Special Water & Sewer District		11-1	22	No
		11-2	22	
Central Community Redevelopment Agency		2011-01	26	Yes
		2011-03	26	
Children's Services Council of Okeechobee County		2010-1	25	Yes
		2010-2	25	
		ML 09-1	29	
		ML 09-2	29	
City-County Public Works Authority		2011-01	18	No
		2011-02	18	
		2011-03	19	
		2011-04	20	
		ML 2011-01	23	
Clearwater Cay Community Development District		IC 2009-1	30	No
Concorde Estates Community Development District		11-04	39	No
Connerton West Community Development District		ML-11-01	38	No
Coral Keys Homes Community Development District		2011-01	24	Yes
Creeside Community Development District		2011-02	29	No
		2011-03	29	
Crossings At Fleming Island Community Development District, The		2009-2	51	Yes
Cypress Club Recreation District		1	21	Yes
Daytona Beach Racing & Recreational Facilities District		2010-01	29	Yes
Delta Farms Water Control District		No finding number given.	24	Yes

LOCAL GOVERNMENTAL ENTITIES THAT FAILED TO TAKE FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION THAT WAS INCLUDED IN THE 2010-11 FISCAL YEAR AUDIT REPORT AND THE TWO PRECEDING AUDIT REPORTS

Entity	Constitutional Officer (for Counties)	Finding Number	Page Number (1)	Revision or Addendum (2)
Disston Island Conservancy District		2011-1	23	No
		2011-2	26	
Dog Island Conservation District		2009-1	24	No
East Niceville Fire District		11-01	28	Yes
		11-02	29	
Emerald Coast Utilities Authority		2004-1	115	No
Escambia Health Facilities Authority		2005-1	23	Yes
Estates at Cherry Lake Community Development District		11-01	34	No
		11-02	34	
Fellsmere Water Control District		2009-1	27	Yes
Fiddlers Creek Community Development District 1		2011-02	33	No
Flaghole Drainage District		2011-1	22	Yes
Flagler Estates Road & Water Control District		11-1	32	No
		11-2	32	
Forest Creek Community Development District		2007-01	31	No
Fred R. Wilson Memorial Law Library		Item 1	18	Yes
		Item 2	18	
Gladeview Water Control District		2011-1	24	No
Golden Gate Fire Control & Rescue District		General Comment 1	50	No
		General Comment 2	51	
		General Comment 3	51	
		General Comment 4	52	
		General Comment 5	52	
		General Comment 6	52	
		General Comment 7	53	
		General Comment 8	53	
		General Comment 9	53	
		General Comment 10	54	
	Significant Deficiency 1	50		
Gramercy Farms Community Development District		2011-03	32	No
Hardee County Industrial Development Authority		2009-07	30	Yes
		2009-08	30	
		2011-01	25	
		2011-02	25	
		2011-03	26	
		2011-04	26	
		2011-05	27	
	2011-06	28		
Hendry County Hospital Authority		2011-01	36	No
Hendry Soil & Water Conservation District (CU)		2011-1	20	No
Hendry-Hilliard Water Control District		2011-1	23	Yes
Highland Glades Water Control District		2011-1	22	No
Highlands Community Development District		2011-01	32	No
		2011-02	32	
		2011-03	32	
Highlands Soil & Water Conservation District		2010-1	34	Yes
Homosassa Special Water District		ML 11-3	41	No
Housing Finance Authority of Lee County		2011-01	21	No
		2011-02	21	
Housing Finance Authority of St. Johns County		11-1	25	No

LOCAL GOVERNMENTAL ENTITIES THAT FAILED TO TAKE FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION THAT WAS INCLUDED IN THE 2010-11 FISCAL YEAR AUDIT REPORT AND THE TWO PRECEDING AUDIT REPORTS

Entity	Constitutional Officer (for Counties)	Finding Number	Page Number (1)	Revision or Addendum (2)
Immokalee Fire Control District		2008-4	51	No
		2008-5 and 2008-6	52	
		2008-7	52	
		2008-8	53	
		2011-2	55	
		2011-3	56	
		2011-9	58	
		SD2008-3 SD2008-5	48 48	
Immokalee Water & Sewer District		2010-1	64	Yes
Indian River Farms Water Control District		2009-1	25	Yes
Jupiter Inlet District		2009-01	30	No
Lakeland Downtown Development Authority		2009-1	40	Yes
		2010-1	39	
Lakeside Plantation Community Development District		ML 2007-1	30	No
Lealman Special Fire Control District		2009-1	58	Yes
		2009-1	59	
Levy Soil & Water Conservation District		09-01	22	Yes
Marion County Law Library		2011-1	22	No
Matlacha and Pine Island Fire Control District		2011-01	37	No
		2011-02	37	
Meadow Pointe IV Community Development District		11-01	38	No
		11-02	38	
Miami-Dade County Industrial Development Authority		2010-1	4 of ML	Yes
Midway Fire District		2009-1	43	No
Montecito Community Development District		2011-01	31	No
		2011-02	31	
Moore Haven Mosquito Control District		IC 2011-03	28	No
Municipal Service District of Ponte Vedra Beach		11-1	27	No
		11-2	27	
New Port - Tampa Bay Community Development District		2011-01	30	No
		2011-02	30	
		2011-03	30	
New River Solid Waste Association		11-1	34	No
		11-2	34	
North Bay Fire District		2011 -04	42	Yes
North Okaloosa County Fire District		2009-1	32	Yes
North Palm Beach Heights Water Control District		2009-01	39	Yes
		2009-02	40	
		2009-03	40	
		2011-1	41	
North St. Lucie River Water Control District		ML 2009-01	25	Yes
		ML 2009-02	25	
Ocean City/Wright Fire Control District		IC 2007-01	46	No
Okaloosa Island Fire Control District		2011-1	30	Yes
Okeechobee Soil & Water Conservation District		2011-1	34	No
		2011-2	35	
		ML 10-1	37	
		ML 10-2	37	
Palm Bay Community Development District		2011-01	31	No

LOCAL GOVERNMENTAL ENTITIES THAT FAILED TO TAKE FULL CORRECTIVE ACTION IN RESPONSE TO A RECOMMENDATION THAT WAS INCLUDED IN THE 2010-11 FISCAL YEAR AUDIT REPORT AND THE TWO PRECEDING AUDIT REPORTS

Entity	Constitutional Officer (for Counties)	Finding Number	Page Number (1)	Revision or Addendum (2)
Panhandle Public Library Cooperative System		07-01	33	No
Parklands Lee Community Development District		2011-02	32	No
Parrish Fire Control District		1	31	No
Pine Island Community Development District		11-01	35	Yes
Plantation Acres Improvement District		2009-1	31	Yes
Portofino Cove Community Development District		2011-01	28	No
		2011-02	28	
Portofino Isles Community Development District		2011-01	31	No
		2011-02	31	
Portofino Landings Community Development District		2011-01	30	No
		2011-02	30	
Portofino Springs Community Development District		2011-01	27	No
		2011-02	27	
Portofino Vista Community Development District		2011-01	29	No
		2011-02	29	
Quincy-Gadsden Airport Authority		2008-1	27	Yes
Reunion West Community Development District		ML-11-02	36	No
Ritta Drainage District		2011-1	23	No
River Glen Community Development District		11-01	36	No
		11-02	36	
		11-03	37	
River Place on the St. Lucie Community Development District		2011-01	29	No
Riverwood Estates Community Development District		11-01	36	No
		11-02	39	
SWI Community Development District		2011-01	27	No
San Carlos Estates Water Control District		2011-1	27	No
Sanibel Fire and Rescue District		2011-01	34	Yes
		2011-02	34	
Sebastian River Improvement District		No finding number given.	23	Yes
Seminole County Port Authority		Item 1	24	No
		Item 2	24	
Shawano Water Control District		2011-1	25	No
Shingle Creek Community Development District		IC 2009-1	30	No
South Bay Community Development District (Hillsborough County)		2011-02	29	No
		2011-03	29	
South Seminole & North Orange County Wastewater Transmission Authority		1	37	No
		2	37	No
Spring Hill Fire Rescue and Emergency Medical Services District		2011-01	36	No
Spring Lake Improvement District		2008-1	39	No
		2009-2	39	
Spring Ridge Community Development District		2011-02	30	No
		2011-03	30	
St. Augustine Port, Waterway And Beach District		11-1	25	No
St. Johns Improvement District		No finding number given.	37	Yes
St. Lucie West Services District		2011-1	38	No
		2011-2	38	
		2011-3	38	
Sterling Hill Community Development District		2011-02	33	No
Stoneybrook Community Development District		2011-01	34	No
Sugarland Drainage District		2011-1	22	Yes
		2011-2	25	

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Summerville Community Development District		2011-01	29	No
Sun'n Lake of Sebring Improvement District		2011-05	45	No
Suwannee Water and Sewer District		11-1	25	No
		11-2	26	
		11-3	26	
Taylor County Development Authority		2011-01	33	Yes
		2011-02	33	
		2011-03	34	
		2011-04	34	
Tern Bay Community Development District		IC 2009-1	30	Yes
		No finding number given.	32	
Tison's Landing Community Development District		2009-1	35	Yes
Tohopekaliga Water Authority		2009-01	85	No
		2009-01	85	
		2009-01	85	
		2009-01	85	
Trailer Estates Fire Control District		2009-1	21	No
Trailer Estates Park & Recreation District		2011-01	30	Yes
Trails Community Development District		2011-01	30	No
		2011-02	30	
Treeline Preserve Community Development District		2011-01	29	Yes
Tri-County Airport Authority		03-02	25	No
		07-01	25	
Twelve Oaks Special District		2009-1	34	No
Upper Captiva Fire Protection & Rescue Service District		2011-01	27	No
		2011-02	27	
		2011-03	28	
Villages of Avignon Community Development District		No finding number given.	32	No
		No finding number given.	33	
		No finding number given.	33	
Waters Edge Community Development District (Manatee Co.)		2009-1	31	No
Waterford Estates Community Development District		IC 2009-01	31	No
Westgate/Belvedere Homes Community Redevelopment Agency		2008-5	52	No
		2008-7	54	
Withlacoochee Regional Water Supply Authority		2009-1	22	Yes
Woodlands Community Development District, The		2011-01	28	No
		2011-02	28	
World Commerce Community Development District		2011-02	32	No
Wylde Palms Community Development District		IC 2009-1	30	No
		No finding number given.	32	

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MUNICIPALITIES				
Altha, Town Of		2009-01 IC	35	No
		2009-02 IC	35	
		2009-03 IC	36	
		2009-04 IC	36	
		2009-05 IC	36	
		2009-06 IC	37	
		2009-01 ML	42	
		2009-02 ML	42	
		2009-03 ML	43	
Anna Maria, City Of		1	33	No
Apalachicola, City Of		11-01	59	No
		11-02	59	
		11-03	59	
		11-04	59	
Arcadia, City Of		11-1	127	No
		11-2	127	
Archer, City Of		2009-1	57	Yes
Avon Park, City Of		2011-1	65	No
		2011-10	71	
Baldwin, Town Of		Finding 1	46	Yes
Bartow, City Of		2007-1	87	No
Belle Isle, City Of		ML 11-02	83	Yes
Blountstown, City Of		2007-01	58	Yes
		2007-02	59	
Bonifay, City Of		10-01	54	Yes
		10-03	57	
		10-04	57	
		10-05	57	
Bowling Green, City Of		11-01	49	No
Bradenton Beach, City Of		3	44	No
Bradenton, City Of		2009-1	168	Yes
		2009-2	168	
Briny Breezes, Town Of		2007-2	39	No
Bristol, City Of		2011-01	39	Yes
Bronson, City Of		2009-1	31	Yes
		ML 2009-1	33	
		ML 2009-2	34	
		ML 2009-3	34	
Brooker, Town Of		1	31	No
		2	32	
Brooksville, City Of		1-Nov	119	Yes
Bushnell, City Of		2011-1	110	Yes
		2011-2	110	
		2011-3	110	
		2011-4	111	
Callahan, Town Of		11-1	42	No
		11-2	42	
Cape Canaveral, City Of		2011-07	124	Yes

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Carrabelle, City Of		09-01	50	No
		09-02	50	
		09-03	53	
		09-04	53	
		09-05	53	
		09-06	54	
		09-07	54	
Cedar Key, City Of		2009-1	40	No
Center Hill, City Of		5	69	Yes
Century, Town Of		08-1	44	Yes
		09-1	46	
		09-2	46	
		09-3	46	
		09-4	46	
Chiefland, City Of		11-1	39	No
ChIPLEy, City Of		2009-1	44	Yes
Clewiston, City Of		2009-1	76	No
Cocoa Beach, City Of		2010-2	141	Yes
Cocoa, City Of		IC 2011-01	165	Yes
		IC 2011-02	165	
Coleman, City Of		1	56	No
		2	56	
		3	56	
Coral Gables, City Of		ML 05-04	137	No
		ML 08-02	136	
Cottdale, City Of		03-1	37	Yes
		04-1	38	
		04-1	47	
		04-2	47	
		04-3	47	
		04-4	48	
		07-1	39	
		07-3	40	
		09-1	41	
		09-1	48	
		09-2	42	
		09-3	43	
		09-4	44	
Crescent City, City Of		2008-ML	79	Yes
		2009-ML	80	
Cross City, Town Of		11-1	36	No
Davenport, City Of		11-4	51	No
DeBary, City Of		2010-01	100	Yes
		2010-02	101	
Delray Beach, City Of		2009-1	175	Yes
		2009-3	175	
		2011-4	180	
Deltona, City Of		2009-1	157	Yes
Doral, City of		2009-2	100	No
Dundee, Town Of		11-01	56	No
		11-02	57	

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Dunedin, City Of		IC 2010-03, MLC 2009-01	199	Yes
		MLC 2009-03	199	
Edgewater, City Of		2011-01	114	No
		2011-06	122	
		2011-07	123	
		2011-02	114	
		2011-02	114	
		2011-02	114	
		2011-03	114	
El Portal, Village Of		2006-2	41	No
Eustis, City Of		2009-1	159	No
Fanning Springs, City Of		11-1	35	No
Fellsmere, City Of		2011-1	75	Yes
Fort Lauderdale, City Of		2011-01	177	Yes
		2011-02	179	
		2011-03	183	
		2011-07	192	
		2011-09	195	
		2006-1	235	
		PY 1	173	
		PY 2	174	
Fort Meade, City Of		2009-4	79	No
Fort Myers Beach, Town Of		IC 2009-01	62	No
		IC 2009-02	62	
Fort White, Town Of		2009-1	42	Yes
		2009-2	42	
Frostproof, City Of		11-01	72	No
Glen Saint Mary, Town Of		11-01	37	No
Graceville, City Of		06-01	55	No
		07-01	55	
Grand Ridge, Town Of		11-01	47	Yes
		2011-01	50	
Greensboro, Town Of		11-01	34	Yes
		11-02	34	
		11-03	36	
Greenville, Town Of		11-01	46	Yes
Greenwood, Town Of		05-01	33	No
		07-01	33	
Gulf Breeze, City Of		2008-1	135	No
		2008-3	135	
Haines City, City Of		11-01	133	No
		11-02	133	
		11-03	133	
Hallandale Beach, City Of		2011-01	166	Yes
Hampton, City Of		1	34	Yes
		2	34	
		3	34	
		4	34	
		5	34	
		7	34	

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Hastings, Town Of		11-1	37	No
		11-2	37	
Hialeah, City Of		2007-5	178	No
		2007-6	179	
		2007-7	180	
		2009-1	174	
		2009-2	177	
		2009-3	178	
Highland Park, Village Of		2011-1	35	Yes
		ML-2010-1	37	
		ML-2010-2	37	
Hollywood, City Of		IC 2011-01	181	No
		IC 2011-02	182	
Holmes Beach, City Of		1	50	No
Howey-in-the-Hills, Town Of		11-1	48	No
Indialantic, City Of		2011-01	61	Yes
		2011-02	61	
Inglis, Town Of		11-1	38	No
Interlachen, Town Of		2007-01	31	Yes
Jacksonville, City Of		ML 2011-01	189 Single Audit	No
Jacob City, City Of		11-01	31	No
		11-02	31	
		11-03	31	
Jay, Town Of		11-1	38	Yes
		11-2	38	
		11-3	39	
Jennings, Town Of		11-01	72	Yes
		11-02	73	
		11-03	73	
		11-04	74	
		No finding number given.	62	
Jupiter Inlet Colony, Town Of		2004-1	38	Yes
		2011-2	41	
Jupiter, Town Of		2009-4	130	No
		2009-5	131	
		2009-5	131	
Key West, City Of		2007-02	161	No
		2007-06	162	
		2007-07	162	
		2008-07	163	
La Belle, City Of		2009-1	72	Yes
		PY ML 1	75	
		PY ML 2	75	
		PY ML 3	76	
La Crosse, Town Of		1	24	No
		2	25	
Lake Hamilton, Town Of		2009-1	41	No
		2009-2	42	
		2009-3	42	
		2009-8	43	
		2009-10	44	
		2009-11	44	
	2009-13	45		

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Lake Helen, City Of		2008-1	73	No
		2008-2	74	
		2008-3	75	
		2008-4	76	
		2009-1	77	
		ML 2008-1	81	
		ML 2008-2	82	
		ML 2009-1	83	
		ML 2009-2	83	
Lake Park, Town Of		2001-1	122	No
Lake Placid, Town Of		2010-1	50	Yes
		ML 09-1	53	
		ML 10-1	53	
		ML 10-2	54	
Lake Worth, City Of		M-08-05	189	No
Lawtey, City Of		1	32	Yes
		2	32	
		3	33	
Macclenny, City Of		11-1	53	No
		11-2	53	
Malabar, Town Of		2011-2	36	Yes
Malone, Town Of		04-01	42	Yes
		07-1	42	
		PY 1	46	
Marco Island, City Of		2009-11	156	No
Marianna, City Of		03-01	67	No
		09-01	68	
Mary Esther, City Of		2009-1	94	No
		2009-2	95	
Mascotte, City Of		ML 11-01	77	No
Mayo, Town Of		2007-1	46	Yes
Medley, Town Of		A	66	No
		B	66	
		C.1	67	
		C.2	67	
		C.3	68	
		D	68	
		E	69	
	F	69		
Melbourne Village, Town Of		Comment 003	53	Yes
		Finding 003	45	
Mexico Beach, City Of		11-01	58	No
		11-02	59	
Miami, City Of		2011-02	21 of SA	Yes
		2011-02	4 of ML	
		2011-03	5 of ML	
Miami Beach, City Of		2011-1	164	No
Miami Lakes, Town of		2007-01	124	No
		2008-02	122	

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Midway, City Of		09-01	30	No
		09-02	30	
		09-03	31	
		09-04	33	
Milton, City Of		2008-1	95	Yes
		2009-1	96	
Monticello, City Of		11-01	47	Yes
Moore Haven, City Of		2011-01	86	No
		2011-02	87	
		2011-03	88	
		ML 06-3	96	
New Smyrna Beach, City Of		2011-2	154	Yes
Newberry, City Of		2011-02	57	No
Niceville, City Of		2009-1	112	Yes
North Miami Beach, City Of		08-2	193	No
		08-3	194	
		09-3	191	
		09-5	192	
Oak Hill, City Of		2009-1	57	No
		2009-2	58	
		ML 2009-1	63	
		ML 2009-2	64	
		ML 2009-3	64	
Oakland Park, City Of		2006-03	137	No
Orange Park, Town Of		2011-01	89	No
Orchid, Town Of		2009-002	28	Yes
Ormond Beach, City Of		No finding number given.	203	Yes
Palatka, City Of		11-1	106	No
		11-2	106	
Palm Beach Shores, Town Of		2009-01	44	Yes
Panama City, City Of		2007-1	179	No
Panama City Beach, City Of		11-01	89	Yes
		11-02	85	
Parker, City Of		11-01	48	No
		11-02	49	
		11-03	49	
Paxton, City Of		2010-03	50	Yes
		2011-01	48	
		2011-02	48	
Pembroke Park, Town Of		2009-3	97	No
		2009-4	97	
Penney Farms, Town Of		2011-1	48	Yes
Pensacola, City Of		ML-2005.01	186	Yes
Pierson, Town Of		2008-01	39	No
		2008-02	39	
		2008-03	39	
		2009-01	36	
		2009-02	37	
Plant City, City Of		09-01	88	No
		09-02	88	

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Polk City, City of		11-01	48	No
Pomona Park, Town Of		2009-IC-1	51	Yes
Ponce de Leon, Town Of		05-02	41	No
		05-04	41	
		07-04	42	
		08-05	42	
Ponce Inlet, Town Of		ML 2009-2	108	No
Port St. Lucie, City Of		2009-01	228	Yes
Reddick, Town Of		IC 2009-1	26	Yes
		IC 2009-2	26	
		ML 2009-1	30	
Rockledge, City Of		2009-A	93	No
Sea Ranch Lakes, Village Of		2006-1	35	No
Sewall's Point, Town Of		2011-1	36	Yes
Sneads, Town Of		00-1	47	No
		07-1	48	
		09-1	51	
Sopchoppy, City Of		11-01	35	Yes
St. Marks, City Of		2011-01	38	Yes
Starke, City Of		11-01	74	No
		11-02	75	No
Tampa, City Of		11-1	204	No
Titusville, City Of		ML 2009-1	180	No
Treasure Island, City of		2011-2	123	Yes
Virginia Gardens, Village Of		2011-5	37	Yes
Waldo, City Of		2009-1	51	Yes
Wauchula, City Of		1	77	No
		2	78	
		3	78	
		4	78	
Wausau, Town Of		10-1	44	Yes
		10-2	45	
		10-3	46	
West Miami, City Of		2007-1	63	No
Wewahitchka, City Of		05-01	53	No
		07-01	53	
Wildwood, City Of		11-1	48	No
Wilton Manors, City Of		2008-01	120	No
		2008-02	121	
Winter Haven, City Of		09-2	176	No
Winter Park, City Of		2009-1	148	No
Worthington Springs, Town Of		11-1	41	Yes
Yankeetown, Town Of		11-1	35	No

The auditor did not indicate whether or not the finding was also included in the two preceding audit reports, and we could not determine with certainty whether or not this was the case. Although we requested confirmation from the auditor, the auditor had not responded as of December 12, 2012.

Notes:

- (1) The page number listed is the PDF document page number, not the report page number.
- (2) This column indicates if there is an addendum or revised report on the Auditor General's Web site that is associated with findings from the 2010-11 fiscal year audit report that should also be viewed.